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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004

OR

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

For the transition period from ________ to _______

Commission file number 0-25890

CENTURY BUSINESS SERVICES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	22-2769024
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

6050 Oak Tree Boulevard, South, Suite 500, Cleveland, Ohio	44131
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's Telephone Number, Including Area Code) 216-447-9000

N/A

Former Name, Former Address and Former Fiscal Year, if Changed since Last Report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes [X] No [ ]

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

Class of Common Stock	Outstanding at October 31, 2004
Par value $.01 per share	76,537,921

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(IN THOUSANDS)

	SEPTEMBER 30, 2004	DECEMBER 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,977	$ 3,791
Restricted cash	13,807	10,880
Accounts receivable, net	112,116	109,436
Notes receivable - current	1,425	1,315
Income taxes recoverable	-	438
Deferred income taxes - current	3,794	3,360
Other current assets	9,083	7,651
Assets of businesses held for sale	1,013	3,179
Current assets before funds held for clients	145,215	140,050
Funds held for clients	48,027	44,917
Total current assets	193,242	184,967
Property and equipment, net	38,575	40,095
Notes receivable - non-current	3,134	2,433
Deferred income taxes - non-current	7,491	4,215
Goodwill and other intangible assets, net	170,924	167,280
Other assets	7,273	3,155
Total assets	$ 420,639	$ 402,145
LIABILITIES		
Current liabilities:		
Accounts payable	$ 28,103	$ 28,495
Income taxes payable	1,279	-
Other current liabilities	34,928	34,178
Liabilities of businesses held for sale	452	826
Current liabilities before client fund obligations	64,762	63,499
Client fund obligations	48,027	44,917
Total current liabilities	112,789	108,416
Bank debt	52,500	14,000
Other non-current liabilities	6,278	1,891
Total liabilities	171,567	124,307
STOCKHOLDERS' EQUITY		
Common stock	962	957
Additional paid-in capital	443,758	441,407
Accumulated deficit	(115,119)	(129,438)
Treasury stock	(80,518)	(35,087)
Accumulated other comprehensive loss	(11)	(1)
Total stockholders' equity	249,072	277,838
Total liabilities and stockholders' equity	$ 420,639	$ 402,145

See the accompanying notes to the consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED SEPTEMBER 30, 2004	THREE MONTHS ENDED SEPTEMBER 30, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2004	NINE MONTHS ENDED SEPTEMBER 30, 2003
Revenue	$ 121,550	$ 117,396	$ 394,515	$ 383,893
Operating expenses	109,877	107,394	340,617	332,034
Gross margin	11,673	10,002	53,898	51,859
Corporate general and administrative expense	6,841	4,940	18,275	14,633
Depreciation and amortization expense	4,105	4,095	12,216	12,653
Operating income	727	967	23,407	24,573
Other income (expense):				
Interest expense	(369)	(234)	(1,038)	(854)
Gain on sale of operations, net	78	207	996	1,991
Other income (expense), net	527	452	1,358	(558)
Total other income, net	236	425	1,316	579
Income from continuing operations before income tax expense	963	1,392	24,723	25,152
Income tax expense	473	1,068	10,053	11,155
Income from continuing operations	490	324	14,670	13,997
Loss from operations of discontinued businesses, net of tax	(372)	(352)	(589)	(594)
Gain (loss) on disposal of discontinued businesses, net of tax	238	(210)	238	(393)
Net income (loss)	$ 356	$ (238)	$ 14,319	$ 13,010
Earnings (loss) per share:				
Basic:				
Continuing operations	$ 0.01	$ -	$ 0.18	$ 0.15
Discontinued operations	-	-	-	(0.01)
Net income (loss)	$ 0.01	$ -	$ 0.18	$ 0.14
Diluted:				
Continuing operations	$ 0.01	$ -	$ 0.18	$ 0.15
Discontinued operations	-	-	(0.01)	(0.01)
Net income (loss)	$ 0.01	$ -	$ 0.17	$ 0.14
Basic weighted average shares outstanding	77,311	86,228	80,200	92,118
Diluted weighted average shares outstanding	79,373	88,971	82,480	94,267

See the accompanying notes to the consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 14,319	$ 13,010
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from operations of discontinued businesses	589	594
(Gain) loss on disposal of discontinued businesses	(238)	393
Gain on sale of operations	(996)	(1,991)
Bad debt expense, net of recoveries	3,110	3,406
Impairment of notes receivable	---	1,625
Notes payable extinguishment	(428)	---
Depreciation and amortization	12,216	12,653
Deferred income taxes	(3,710)	954
Changes in assets and liabilities, net of acquisitions and dispositions:		
Restricted cash	(2,927)	4,018
Accounts receivable, net	(6,243)	(13,278)
Other assets	(6,643)	(777)
Accounts payable	(195)	1,396
Income taxes	1,393	11,567
Accrued expenses and other liabilities	2,059	(2,197)
Net cash provided by continuing operations	12,306	31,373
Net cash used in discontinued operations	(482)	(980)
Net cash provided by operating activities	11,824	30,393
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business acquisitions, net of cash acquired and contingent consideration earned	(4,322)	(3,256)
Cash proceeds from divested operations and client lists	3,030	5,045
Additions to property and equipment, net	(6,245)	(7,639)
Net decrease in notes receivable	1,738	1,473
Net cash used in investing activities	(5,799)	(4,377)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt	213,405	165,200
Proceeds from notes payable	---	383
Payment of bank debt	(174,905)	(159,700)
Payment of notes payable and capitalized leases	(296)	(1,038)
Payment for acquisition of treasury stock	(45,287)	(33,523)
Proceeds from exercise of stock options and warrants	1,244	733
Net cash used in financing activities	(5,839)	(27,945)
Net increase(decrease) in cash and cash equivalents	186	(1,929)
Cash and cash equivalents at beginning of year	3,791	6,351
Cash and cash equivalents at end of period	$ 3,977	$ 4,422

See the accompanying notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the U.S. Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting solely of normal recurring adjustments) considered necessary to present fairly the financial position of Century Business Services, Inc. and its consolidated subsidiaries (CBIZ) as of September 30, 2004, and December 31, 2003, and the results of their operations for the three and nine months ended September 30, 2004, and 2003 and cash flows for the nine months ended September 30, 2004 and 2003. The results of operations for such interim periods are not necessarily indicative of the results for the full year. For further information, refer to the consolidated financial statements and notes thereto included in CBIZ's annual report on Form 10-K for the year ended December 31, 2003. Also, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of critical accounting policies.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2003 consolidated financial statements have been reclassified to conform to the current year presentation. Reclassifications include: legal settlements (previously reported as other income (expense), net, which are now reported as corporate general and administrative expense) and discontinued operations.

Operating Expenses

Operating expenses represent costs incurred by our operating business units, and consist primarily of personnel and occupancy related expenses. Personnel costs include base compensation, payroll taxes, and benefits, which are recognized as expense as they are incurred, and incentive compensation costs which are estimated and accrued on a monthly basis. The ultimate determination of incentive compensation is made after our year-end results are finalized; thus, estimates are subject to change. Total personnel costs were $79.0 million and $76.3 million for the three months ended September 30, 2004 and 2003, and $248.4 million and $243.3 million for the nine months ended September 30, 2004 and 2003, respectively.

The largest components of occupancy costs are rent expense and utilities. Rent expense is recognized over respective lease terms, and utilities are recognized as incurred. Total facility costs were $8.6 million and $8.7 million for the three months ended September 30, 2004 and 2003, and $26.3 million and $25.8 million for the nine months ended September 30, 2004 and 2003, respectively.

Consolidation and integration charges are included in operating expenses, and are accounted for in accordance with Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." Accordingly, CBIZ recognizes a liability for noncancellable lease obligations based upon the net present value of remaining lease payments, net of estimated sublease payments. The liability is determined and recognized as of the cease-use date. Adjustments to the liability are made for changes in estimates in the period in which the change becomes known. See further discussion in Note 6.

Funds Held for Clients and Client Fund Obligations

As part of our payroll and property tax management services, CBIZ is engaged in the preparation of payroll checks, federal, state, and local payroll tax returns, property tax payments and flexible spending account administration. In relation to these services, CBIZ collects funds from its client's accounts in advance of paying these client obligations. Funds that are collected before they are due are held in an account in CBIZ's name and invested in short-term investment grade instruments with a maturity of twelve months or less from the date of purchase. These funds, which may include cash, cash equivalents and short-term investments, are segregated and reported separately as funds held for clients. There are no regulatory or other contractual restrictions placed on these funds. Funds held for clients and the related client fund obligations are included in the consolidated balance sheets as current assets and current liabilities, respectively. The amounts of collected, but not yet remitted funds for CBIZ's payroll and property tax management services vary significantly during the year.

Stock-Based Compensation

CBIZ accounts for its stock-based compensation plans under the intrinsic value method of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. CBIZ does not recognize compensation expense related to stock options, as all options are granted at an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share as if CBIZ had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in thousands, except per share data).

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Net income (loss) as reported...	$ 356	$ (238)	$ 14,319	$ 13,010
Fair value of stock-based compensation, net of tax......	(358)	(816)	(1,065)	(2,435)
Pro forma net income (loss).....	$ (2)	$(1,054)	$ 13,254	$ 10,575
Earnings (loss) per share:				
Basic - as reported.........	$ 0.01	$ -	$ 0.18	$ 0.14
Basic - pro forma...........	$ -	$ (0.01)	$ 0.17	$ 0.11
Diluted - as reported.......	$ 0.01	$ -	$ 0.17	$ 0.14
Diluted - pro forma.........	$ -	$ (0.01)	$ 0.16	$ 0.11

The above results may not be representative of the effects on net income for future periods, as the level of forfeitures on existing grants and the value and amount of new grants issued in future periods may vary.

New Accounting Pronouncements

Effective January 1, 2004, CBIZ adopted FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"), FASB Staff Position ("FSP") 46-e, "Effective Date of Interpretation 46", and revisions to FIN 46 ("FIN 46(R)", "FIN 46(R)-1", "FIN 46(R)-2", "FIN 46(R)-3", and "FIN 46(R)-4"). In accordance with the provisions of the aforementioned standards, CBIZ has determined that its relationship with certain Certified Public Accounting (CPA) firms with whom we maintain administrative service agreements (ASAs), qualify as variable interest entities. The accompanying financial statements do not reflect the consolidation of the variable interest entities, as the impact is not material to the financial condition, results of operations or cash flows of CBIZ.

The CPA firms with which CBIZ maintains service agreements operate as limited liability corporations, limited liability partnerships or professional corporations. The firms are separate legal entities with separate governing bodies and officers. CBIZ has 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 CBIZ. 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 CBIZ does not believe that its arrangements with these CPA firms result in additional risk of loss. Refer to Item I of our Annual Report on Form 10-K for the year ended December 31, 2003, for a more detailed discussion of our relationship with these CPA firms.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances were as follows (in thousands):

	SEPTEMBER 30, 2004	DECEMBER 31, 2003
Trade accounts receivable	$ 81,765	$ 80,649
Unbilled revenue	39,680	36,886
Total accounts receivable	121,445	117,535
Less allowance for doubtful accounts	(9,329)	(8,099)
Accounts receivable, net	$112,116	$ 109,436

3. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The components of goodwill and other intangible assets, net were as follows (in thousands):

	SEPTEMBER 30, 2004	DECEMBER 31, 2003
Goodwill	$ 159,691	$ 157,815
Intangibles:		
Client lists	15,834	13,493
Other intangibles	891	682
Total intangibles	16,725	14,175
Total goodwill and other intangible assets	176,416	171,990
Less accumulated amortization	(5,492)	(4,710)
Total goodwill and other intangible assets, net	$ 170,924	$ 167,280

Client lists are amortized over periods not exceeding ten years. Other intangibles, which consist primarily of non-compete agreements, are amortized over periods ranging from two to ten years. Amortization expense of client lists and other intangible assets was approximately $0.5 million and $0.4 million for the three months ended September 30, 2004 and 2003 and $1.3 million and $1.1 million for the nine months ended September 30, 2004 and 2003, respectively.

4. BANK DEBT

Bank debt balances were as follows (in thousands, except percentages):

	SEPTEMBER 30, 2004	DECEMBER 31, 2003
Bank debt:		
Revolving credit facility.....	$ 52,500	$ 14,000
Weighted average rates (1)....	3.38%	4.39%
Range of effective rates (1)..	2.98% - 5.38%	3.08% - 5.58%

(1) Rates are provided for the nine months ended September 30, 2004, and the twelve months ended December 31, 2003, respectively.

Effective August 9, 2004, CBIZ modified its credit facility increasing the total commitment from $73.0 million to $100.0 million, with an option to increase to $125.0 million. The modified facility provides CBIZ additional operating flexibility and funding to support seasonal working capital needs and other strategic initiatives such as acquisitions and share repurchases. The modified facility will also reduce the Company's borrowing costs.

The credit facility is maintained with Bank of America as agent bank for a group of five participating banks and has a five year term expiring August 2009. The credit facility is secured by substantially all assets and capital stock of CBIZ and its subsidiaries. Management believes that the carrying amount of bank debt approximates its fair value, and CBIZ had approximately $43.6 million of available funds under the facility at September 30, 2004.

Under the facility, loans are charged an interest rate consisting of a base rate or Eurodollar rate plus an applicable margin. Additionally, a commitment fee of 30 to 45 basis points is charged on the unused portion of the facility. The borrowing base calculation required under the previous facility is not required under the current facility.

The bank agreement contains financial covenants and restrictions which are similar to those under the previous facility. Covenants require CBIZ to meet certain requirements with respect to (i) minimum net worth; (ii) maximum leverage ratio; and (iii) a minimum fixed charge coverage ratio. Limitations are also placed on CBIZ's ability to acquire businesses, repurchase CBIZ common stock and to divest operations. As of September 30, 2004, CBIZ is in compliance with its covenants.

The bank agreement also places restrictions on CBIZ's ability to create liens or other encumbrances, to make certain payments, investments, loans and guarantees and to sell or otherwise dispose of a substantial portion of assets, or to merge or consolidate with an unaffiliated entity. According to the terms of the agreement, CBIZ is not permitted to declare or make any dividend payments, other than dividend payments made by one of its wholly owned subsidiaries to the parent company. The agreement contains a provision that, in the event of a defined change in control, the agreement may be terminated.

In the ordinary course of business, CBIZ provides letters of credit to certain lessors in lieu of security deposits. Letters of credit under the credit facility were $2.8 million and $3.2 million as of September 30, 2004, and December 31, 2003, respectively. CBIZ also acted as guarantor on three letters of credit for a CPA firm with which it has an affiliation. The letters of credit total $1.2 million and $0.7 million as of September 30, 2004, and December 31, 2003, respectively. In accordance with FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" and its amendments ("FIN 45-1" and "FIN 45-2"), CBIZ has recognized a liability for the fair value of the obligations undertaken in issuing these guarantees, which is recorded as other current liabilities in the accompanying consolidated financial statements. Management does not expect any material changes to result from these instruments as performance is not expected to be required.

5. CONTINGENCIES

Since September 1999, seven purported stockholder class-action lawsuits filed against CBIZ and certain of our current and former directors and officers were consolidated as In Re Century Business Services Securities Litigation, Case No.1:99CV2200, in the United States District Court for the Northern District of Ohio. The plaintiffs alleged that the named defendants violated certain provisions of the Securities Exchange Act of 1934 and certain rules promulgated thereunder in connection with certain statements made during various periods from February, 1998, through January, 2000, by, among other things, improperly amortizing goodwill and failing to adequately monitor changes in operating results. The United States District Court dismissed the matter with prejudice on June 27, 2002. The matter was appealed by the plaintiffs to the Sixth Circuit Court of Appeals. On March 30, 2004, the Court of Appeals affirmed the dismissal of the plaintiffs' complaint in its entirety. The Court also upheld the lower court's denial of the plaintiffs' request for leave to amend their complaint. CBIZ believes that further appeal is now time-barred and that this matter is concluded.

The Company is a defendant in the case In Re Heritage Bond Litigation, Case No. 02-ML-1475 DT (RCx), pending in the Central District of California, as well as a related unconsolidated matter in which plaintiffs allege numerous claims, including mismanagement and misappropriation of funds from a bond financing, against unrelated parties, The Heritage Group and its trustee, U.S. Trust. As part of these cases, the plaintiffs brought an action against two CBIZ subsidiaries (CBIZ Valuation Group, Inc. and CBIZ Accounting, Tax & Advisory, Inc.) alleging negligence and negligent misrepresentation in connection with the provision of valuation and feasibility study services to The Heritage Group. These claims have been pending since 2001 and relate to services performed from 1996 through 2000. Plaintiffs in the class litigation have now attempted to join Century Business Services, Inc. as a party defendant as well.

The Company has received from the plaintiffs reduced offers and demands to settle these suits for approximately $7.0 million, an amount well in excess of the net revenue of the subsidiaries. As a result of the failure of the insurers of Century and its subsidiaries to completely cover the cost of settlement and defense, Century has filed suit against its carriers to determine its coverage rights. Although the ultimate disposition of these proceedings are not presently determinable, management continues to believe that the ultimate resolutions of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

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

6. CONSOLIDATION AND INTEGRATION CHARGES

In an effort to meet its strategy to deliver services to clients conveniently, and to promote cross-serving between various practice groups, CBIZ has initiated consolidation activities in several markets, including a consolidation of the Dallas market during the first quarter of 2004. Consolidation and integration charges include non-cancelable lease obligations, adjustments to lease accruals based on sublease assumptions, severance obligations, and other costs such as moving costs. During the nine months ended September 30, 2004, consolidation and integration charges included $1.0 million related to real estate leasing costs in the Chicago market. There were no significant charges related to consolidation and integration activity during the nine months ended September 30, 2003.

Consolidation and integration reserve balances for leases as of December 31, 2003, and activity during the nine-month period ended September 30, 2004, was as follows (in thousands):

	LEASE CONSOLIDATION
Reserve balance at December 31, 2003	$ 2,804
Amounts adjusted against income (1)	1,703
Payments	(1,822)
Reserve balance at September 30, 2004	$ 2,685

(1) Amounts adjusted against income are included in operating expenses in the accompanying consolidated statements of operations.

7. EARNINGS PER SHARE

CBIZ presents both basic and diluted earnings per share. The following data shows the amounts used in computing earnings per share and the effect on the weighted average number of dilutive potential common shares (in thousands, except per share data).

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
NUMERATOR:				
Net income (loss)	$ 356	$ (238)	$ 14,319	$ 13,010
DENOMINATOR:				
BASIC				
Weighted average common shares	77,311	86,228	80,200	92,118
DILUTED				
Options	2,049	2,743	2,267	2,149
Restricted stock awards	11	-	11	-
Contingent shares (1)	2	-	2	-
Total diluted weighted average common shares	79,373	88,971	82,480	94,267
Basic net income (loss) per share	$ 0.01	$ -	$ 0.18	$ 0.14
Diluted net income (loss) per share	$ 0.01	$ -	$ 0.17	$ 0.14

(1) Contingent shares represent shares that will not be issued until future conditions have been met.

8. ACQUISITIONS

During the nine months ended September 30, 2004, CBIZ completed the acquisition of a benefits and insurance firm in Chicago, Illinois, an accounting tax and advisory firm in Denver, Colorado, and a technology firm in Cleveland, Ohio which is reported as part of our National Practices - Other segment. Aggregate consideration for the acquisitions consisted of approximately $2.9 million cash and 136,000 shares of restricted common stock (estimated stock value of $0.6 million at acquisition) paid at closing, and up to an additional $5.7 million (payable in cash and stock) which is contingent on the businesses meeting certain future revenue and earnings targets.

During the nine months ended September 30, 2003, CBIZ completed acquisitions of benefits and insurance firms in Boca Raton, Florida, and Salt Lake City, Utah, as well as the client lists of three benefits agencies. CBIZ also completed acquisitions of accounting, tax and advisory firms in Orange County, California and Stamford, Connecticut. The aggregate purchase price of the acquisitions was approximately $10.8 million, comprised of $2.6 million in cash and 177,000 shares of restricted common stock (estimated stock value of $0.3 million at acquisition) paid at closing, $2.1 million of notes contributed, and up to an additional $5.8 million payable in cash which is contingent on the businesses meeting certain future revenue targets.

The operating results of these firms and client lists have been included in the accompanying consolidated financial statements since the dates of acquisition. Client lists and non-compete agreements were recorded at fair value at the time of acquisition. The excess of purchase price over the fair value of net assets acquired, client lists and non-compete agreements was allocated to goodwill. Acquisitions, including contingent consideration earned, resulted in increases to goodwill, client lists and other intangible assets during the nine months ended September 30, 2004, of $2.5 million, $2.9 million, and $0.2 million, respectively. Acquisitions completed during the nine months ended September 30, 2003 resulted in increases to goodwill, client lists and other intangible assets of $2.1 million, $3.9 million, and $0.1 million, respectively.

9. DIVESTITURES

During the first quarter of 2004, CBIZ sold a business unit and a client list from the Accounting, Tax, and Advisory (ATA) practice group, for aggregate proceeds of $0.5 million cash and $0.4 million notes receivable. The sales resulted in a $0.4 million pretax gain, which is reported as gain on sale of operations, net from continuing operations in the consolidated financial statements. These sales did not satisfy the criteria for treatment as discontinued businesses.

During the second quarter of 2004, CBIZ sold two client lists and related assets within the ATA practice group, a client list and related assets within the B&I practice group, and committed to the disposal of a business unit within the National Practices practice group. The client lists and related assets were sold for aggregate proceeds of $2.5 million cash, $0.7 million notes receivable, and CBIZ stock valued at $0.1 million, and resulted in a $0.5 million pretax gain which is reported as gain on sale of operations, net from continuing operations in the consolidated financial statements. The National Practices business unit satisfied the criteria for treatment as a discontinued business, and is classified as such in the accompanying consolidated financial statements.

During the third quarter of 2004, CBIZ disposed of two operations within the ATA practice group, through a sale and a closure, which qualify for treatment as discontinued businesses and are classified as such in the accompanying consolidated financial statements. CBIZ also sold a business unit within the ATA practice group during the third quarter of 2004, which did not qualify for treatment as a discontinued business. This sale resulted in a pretax gain of $78,000 and is reported as gain on sale of operations, net from continuing operations. Aggregate proceeds from the third quarter sales were approximately $2.8 million, and consisted of $1.7 million cash and $1.1 million in notes receivable.

During the first quarter of 2003, there were no transactions related to the sale of a business or client list, commitments to sell a business, or classifications of a unit as a discontinued business. During the second quarter of 2003, CBIZ sold two businesses within the B&I practice group for aggregate proceeds of $4.2 million cash, resulting in a pretax gain of $1.8 million. During the third quarter of 2003, CBIZ sold two client lists and related assets within the ATA practice group for aggregate proceeds of $0.8 million cash and

CBIZ stock valued at $0.1 million, resulting in a pretax gain of $0.2 million. These sales did not satisfy the criteria for treatment as discontinued businesses, and the pretax gain is reported as gain on sale of operations, net from continuing operations in the consolidated financial statements.

10. SEGMENT DISCLOSURES

CBIZ's business units have been aggregated into three practice groups: Accounting, Tax and Advisory Services, Benefits and Insurance and National Practices. The business units have been aggregated based on the following factors: similarity of the products and services; similarity of the regulatory environment; the long-term performance of these units is affected by similar economic conditions; and the business is managed along these segment lines, which each report to a Practice Group Leader. The medical practice management unit under the National Practices group exceeds the quantitative threshold of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," prompting CBIZ to disclose this reporting unit separately.

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

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

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

Medical Practice Management. CBIZ Medical Management Professionals (CBIZ MMP), CBIZ's medical practice management subsidiary of the National Practice group, offers services in the following areas: billing and accounts receivable management; coding and automated claims filing; comprehensive delinquent claims follow up and collections; compliance plans to meet government and other third party regulations; local office management; and comprehensive statistical and operational reporting; financial reporting, accounts payable, payroll, general ledger processing; design and implementation of managed care contracts with focus on negotiation strategies, pricing, cost containment and utilization tracking; review and negotiation of hospital contracts; evaluation of other strategic business partners; identification and coordination of practice manager and integration opportunities; and coordination of practice expansion efforts.

Corporate and other charges represent costs at the corporate office that are not allocated to the business units.

Segment information for the three and nine-month periods ended September 30, 2004 and 2003 were as follows (in thousands):

THREE MONTHS ENDED SEPTEMBER 30, 2004

	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	NATIONAL PRACTICE GROUP MEDICAL PRACTICE MGMT.	NATIONAL PRACTICE GROUP NATIONAL PRACTICE - OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$ 45,144	$ 36,449	$ 22,262	$ 17,695	$ --	$ 121,550
Operating expenses	42,529	31,143	17,929	16,132	2,144	109,877
Gross margin	2,615	5,306	4,333	1,563	(2,144)	11,673
Corporate general & administrative	-	-	-	-	6,841	6,841
Depreciation and amortization	967	788	688	208	1,454	4,105
Operating income (loss)	1,648	4,518	3,645	1,355	(10,439)	727
Other income (expense):						
Interest expense	(13)	74	-	-	(430)	(369)
Gain on sale of operations, net	-	-	-	-	78	78
Other income (expense), net	74	366	3	(251)	335	527
Total other income (expense), net	61	440	3	(251)	(17)	236
Income (loss) from continuing operations before income taxes	$ 1,709	$ 4,958	$ 3,648	$ 1,104	$ (10,456)	$ 963

THREE MONTHS ENDED SEPTEMBER 30, 2003

	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	NATIONAL PRACTICE GROUP MEDICAL PRACTICE MGMT.	NATIONAL PRACTICE GROUP NATIONAL PRACTICE - OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$ 41,620	$ 37,363	$ 19,503	$ 18,910	$ --	$ 117,396
Operating expenses	41,796	30,846	15,362	17,839	1,551	107,394
Gross margin	(176)	6,517	4,141	1,071	(1,551)	10,002
Corporate general & administrative	-	-	-	-	4,940	4,940
Depreciation and amortization	929	757	676	271	1,462	4,095
Operating income (loss)	(1,105)	5,760	3,465	800	(7,953)	967
Other income (expense):						
Interest expense	(13)	(10)	(1)	-	(210)	(234)
Gain on sale of operations, net	-	-	-	-	207	207
Other income (expense), net	94	(91)	(3)	136	316	452
Total other income (expense), net	81	(101)	(4)	136	313	425
Income (loss) from continuing operations before income taxes	$ (1,024)	$ 5,659	$ 3,461	$ 936	$ (7,640)	$ 1,392

	NINE MONTHS ENDED SEPTEMBER 30, 2004					
			NATIONAL PRACTICE GROUP			
	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	MEDICAL PRACTICE MGMT.	NATIONAL PRACTICE - OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$ 163,761	$113,381	$ 64,321	$ 53,052	$ --	$ 394,515
Operating expenses	136,199	95,309	53,040	47,735	8,334	340,617
Gross margin	27,562	18,072	11,281	5,317	(8,334)	53,898
Corporate general & administrative	-	-	-	-	18,275	18,275
Depreciation and amortization	2,819	2,320	2,025	624	4,428	12,216
Operating income (loss)	24,743	15,752	9,256	4,693	(31,037)	23,407
Other income (expense):						
Interest expense	(31)	59	-	-	(1,066)	(1,038)
Gain on sale of operations, net	-	-	-	-	996	996
Other income (expense), net	333	449	(5)	33	548	1,358
Total other income (expense), net	302	508	(5)	33	478	1,316
Income (loss) from continuing operations before income taxes	$ 25,045	$ 16,260	$ 9,251	$ 4,726	$(30,559)	$ 24,723

	NINE MONTHS ENDED SEPTEMBER 30, 2003					
			NATIONAL PRACTICE GROUP			
	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	MEDICAL PRACTICE MGMT.	NATIONAL PRACTICE - OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$ 158,578	$ 115,734	$ 55,764	$ 53,817	$ --	$ 383,893
Operating expenses	133,358	93,651	45,759	53,663	5,603	332,034
Gross margin	25,220	22,083	10,005	154	(5,603)	51,859
Corporate general & administrative	-	-	-	-	14,633	14,633
Depreciation and amortization	3,383	2,241	1,923	849	4,257	12,653
Operating income (loss)	21,837	19,842	8,082	(695)	(24,493)	24,573
Other income (expense):						
Interest expense	(40)	(54)	(2)	(1)	(757)	(854)
Gain on sale of operations, net	-	-	-	-	1,991	1,991
Other income (expense), net	227	(6)	(94)	287	(972)	(558)
Total other income (expense), net	187	(60)	(96)	286	262	579
Income (loss) from continuing operations before income taxes	$ 22,024	$ 19,782	$ 7,986	$ (409)	$ (24,231)	$ 25,152

11. DISCONTINUED BUSINESSES

During 2003, CBIZ adopted formal plans to divest of five business operations, all of which were sold or closed by December 31, 2003. During the second quarter of 2004, CBIZ committed to the disposal of a business unit within the National Practices practice group, which remains available for sale at September 30, 2004. During the third quarter of 2004, CBIZ sold a business unit within the ATA practice group, and closed a business unit within the ATA practice group. These business operations are reported as discontinued businesses and the net assets, net liabilities and results of operations are reported separately in the consolidated financial statements.

Revenue and loss from operations of discontinued businesses for the three and nine months ended September 30, 2004 and 2003 were as follows (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Revenue	$ 888	$ 3,322	$ 3,312	$ 10,520
Loss from operations of discontinued businesses before income taxes	(483)	(538)	(799)	(875)
Income tax benefit	(111)	(186)	(210)	(281)
Loss from operations of discontinued businesses, net of tax	$ (372)	$ (352)	$ (589)	$ (594)

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

	SEPTEMBER 30, 2004	DECEMBER 31, 2003
Accounts receivable, net	$ 780	$2,272
Property and equipment, net	163	444
Deferred income taxes, net	59	312
Other assets	11	151
Assets of businesses held for sale	$1,013	$3,179
Accounts payable	$ 219	$ 254
Other current liabilities	233	559
Other non-current liabilities	-	13
Liabilities of businesses held for sale	$ 452	$ 826

Gain (loss) on disposal of discontinued businesses for the three and nine months ended September 30, 2004 and 2003 was:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Gain (loss) on sale of discontinued businesses, before tax	$ 561	$(326)	$ 561	$(622)
Income tax expense (benefit)	323	(116)	323	(229)
Net gain (loss) on sale of discontinued businesses	$ 238	$(210)	$ 238	$(393)

12. SUBSEQUENT EVENTS

In October 2004, CBIZ entered an agreement to acquire Gallery Asset Management, Inc., to be effective January 1, 2005, subject to certain conditions. Gallery Asset Management, Inc. is an Ohio-based registered investment advisor, which will compliment the wealth management business. CBIZ also acquired a benefits and insurance firm in Owing Mills, Maryland and several client lists subsequent to September 30, 2004.

During the second quarter of 2004, CBIZ committed to the disposal of a business unit within the National Practices practice group, which was available for sale at September 30, 2004. Negotiations with the prospective buyer have recently been terminated, due to the inability to agree upon terms that were acceptable to both parties. As a result, the business unit was shut down effective October 31, 2004.

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

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

The following discussion is intended to assist in the understanding of CBIZ's financial position at September 30, 2004 and December 31, 2003, and results of operations for the three and nine months ended September 30, 2004 and 2003 and cash flows for the nine months ended September 30, 2004 and 2003, and should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

EXECUTIVE SUMMARY

CBIZ is a diversified services company which, acting through its subsidiaries, provides professional outsourced business services to businesses of various sizes, as well as individuals, governmental entities and not-for-profit enterprises throughout the United States and Toronto, Canada. CBIZ delivers integrated services through three practice groups: Accounting, Tax and Advisory (ATA); Benefits and Insurance (B&I); and National Practices.

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

- offering a wide array of infrastructure support services;

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

- attracting new customers with our diverse business services offerings;

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

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

CBIZ seeks to strengthen its operations and customer service capabilities by making acquisitions in markets where it currently operates and where the prospects are favorable to increase its market share and become a more significant provider of a comprehensive range of outsourced business services. During the nine months ended September 30, 2004, CBIZ acquired three businesses, including a benefits and insurance firm in Chicago, Illinois, an accounting tax and advisory firm in Denver, Colorado, and a technology firm in Cleveland, Ohio. In October 2004 CBIZ entered into an agreement to acquire Gallery Asset Management, Inc. to become effective January 1, 2005, subject to certain conditions. Gallery Asset Management, Inc. is an Ohio-based registered investment advisor, which will compliment our wealth management business. CBIZ also acquired a benefits and insurance firm in Owing Mills, Maryland, and several client lists subsequent to September 30, 2004. CBIZ will continue to actively seek acquisitions in the future, and has hired an internal resource devoted to driving this activity.

CBIZ continually evaluates its business operations, and may from time to time sell or close operations that are underperforming, located in secondary markets, or do not provide the level of synergistic cross-serving opportunities with other CBIZ businesses that is desired. During the nine months ended September 30, 2004, CBIZ sold three business operations and three client lists within the ATA practice group, and a client list and related assets within the B&I practice group. Additionally, CBIZ closed a business unit in the ATA practice group and committed to the disposal of a business unit within the National Practices practice group, which was closed on October 31, 2004.

Due to seasonality in the ATA and B&I practices, a disproportionately large amount of CBIZ's revenue occurs in the first half of the year. The ATA practice (primarily accounting and tax services) experiences heavy volume in the first four months of the year, and recognized 58.6% of its full year revenue for 2003 during the first six months of the year. The B&I practice experiences seasonality with regards to the timing of supplemental bonuses from carriers, which are typically recognized during the first half of the year. These higher revenue levels are supported by operating costs that are primarily fixed in nature, and thus result in higher operating margins in the first half of the year.

CBIZ believes that repurchasing shares of its common stock is a use of cash that provides value to stockholders, and accordingly completed a tender offer in April 2004. The tender offer resulted in the purchase of approximately 7.5 million shares of common stock at a purchase price of $5.00 per share, or a total cost of approximately $37.5 million. In addition, CBIZ completed open market repurchases of approximately 1.8 million shares at a cost of approximately $7.8 million through September 30, 2004. The credit facility and net cash provided by CBIZ operations were utilized to fund the share repurchases.

Effective August 9, 2004, CBIZ completed a modification of its credit facility. The new facility has a total commitment amount of $100.0 million, and expires August 2009. The modified credit facility is discussed in further detail in Note 4 to the accompanying consolidated financial statements.

ACCOUNTING, TAX AND ADVISORY (ATA) PRACTICE

A comprehensive description of the outsourced business services currently offered by CBIZ through its three practice groups is included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003. Following is a further description of the services provided through our Accounting, Tax and Advisory (ATA) practice group.

The ATA practice group does not offer audit and attest services, but it does maintain joint-referral relationships with independent licensed CPA firms. These firms are owned by licensed CPAs who are employed by CBIZ subsidiaries, and provide audit and attest services to clients including CBIZ's clients. Under our service agreements with these firms, we provide administrative services, office space and staff in exchange for a fee. Revenue from these agreements is reflected in our financial statements and amounts to approximately $11.8 million and $42.0 million for the three and nine months ended September 30, 2004, respectively, a majority of which is related to services rendered to privately-held clients. With respect to CPA firm clients that are required to file audited financial statements with the SEC, the SEC staff views CBIZ 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 maintain, 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 the ATA practice group 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. CBIZ and the CPA firms with which we are associated have implemented policies and procedures designed to enable us to maintain independence and freedom from conflicts of interest in accordance with applicable standards. Given the pre-existing limits set by CBIZ on its relationships with SEC-reporting attest clients of associated CPA firms, and the limited number and size of such clients, the imposition of Sarbanes-Oxley Act independence limitations did not and is not expected to materially affect CBIZ revenues.

RESULTS OF OPERATIONS - CONTINUING OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

OPERATING PRACTICE GROUPS

CBIZ currently delivers products and services through three practice groups. A brief description of these groups' operating results and factors affecting their businesses is provided below.

ACCOUNTING, TAX AND ADVISORY SERVICES.

	2004	2003	CHANGE
Revenue			
Same-Unit	$ 43,695	$ 41,321	$ 2,374
Acquired Businesses	1,449	-	1,449
Divested Businesses	-	299	(299)
Total Revenue	$ 45,144	$ 41,620	$ 3,524
Percent of Total CBIZ Revenue	37.1%	35.5%	
Operating Expenses	42,529	41,796	733
Gross Margin	$ 2,615	$ (176)	$ 2,791
Gross Margin Percent	5.8%	(0.4%)	6.2%

For ATA businesses with comparable periods of operations (same-unit) for the three months ended September 30, 2004 and 2003, revenue grew 5.7%. The growth experienced in same-unit revenue was primarily the result of an increase in the aggregate number of hours charged to clients in our litigation support and Sarbanes-Oxley related services. Hourly rates charged to clients have increased slightly from a year ago, and client profitability has remained consistent. The utilization of professionals has improved, as the number of hours charged to clients has increased, while the number of available professionals has decreased from a year ago. The growth in revenue attributable to acquisitions was primarily from Sarbanes-Oxley consulting services provided by CBIZ HarborView, which was acquired in September 2003.

The largest components of operating expenses for the ATA group are personnel costs, occupancy costs and professional service fees paid to third parties, representing 89.5% and 87.3% of total operating expenses for the three months ended September 30, 2004 and 2003, respectively. As a percentage of revenue, personnel costs were 73.5% and 78.1% and occupancy costs were 8.0% and 8.9%, for the three months ended September 30, 2004 and 2003, respectively. These costs are relatively fixed in nature, thus resulting in an improvement to gross margin with the growth in revenue. Professional service fees paid to third parties increased to 2.9% percent of revenue for the three months ended September 30, 2004 from 0.6% for the same period a year ago, as the result of outsourced professional services utilized at CBIZ HarborView for Sarbanes-Oxley consulting services, and at a unit that delivers services requiring specialization in state agency compliance.

BENEFITS AND INSURANCE SERVICES.

	2004	2003	CHANGE
Revenue			
Same-Unit	$36,299	$37,363	$(1,064)
Acquired Businesses	150	-	150
Divested Businesses	-	-	-
Total Revenue	$36,449	$37,363	$ (914)
Percent of Total CBIZ Revenue	30.0%	31.8%	
Operating Expenses	31,143	30,846	297
Gross Margin	$ 5,306	$ 6,517	$(1,211)
Gross Margin Percent	14.6%	17.4%	(2.8%)

On a same-unit basis, the B&I group experienced a decline in revenue of 2.9% during the three months ended September 30, 2004 from the same period a year ago. The decline in revenue is primarily attributable to one national business unit that has experienced lower enrollments compared with a year ago, and revenue adjustments resulting from higher policy terminations than originally estimated. This unit has experienced significant growth over the last three years, which has resulted in system, client service and other operational challenges. CBIZ has allocated resources to support the current level of revenue and future growth, and is in the process of implementing new systems, including a new client service interface. The decline in revenue, combined with higher expenses to support growth by this unit has also resulted in a decrease in gross margin of approximately $1.5 million for the third quarter compared with a year ago.

Excluding the impact of the national business described above, the B&I group experienced growth in same unit revenue of 2.6% for the three months ended September 30, 2004 over the same period a year ago. Of this growth, approximately 1.7% is attributable to our group health business, which has experienced growth primarily as a result of an increase in the number of policies sold over a year ago. A majority of the 0.9% growth experienced by our national businesses was due to growth in our specialty life insurance business.

The largest components of operating costs for the B&I group are personnel costs, commissions paid to third party brokers, and occupancy costs, representing 84.5% and 83.1% of total operating expenses for the three months ended September 30, 2004 and 2003, respectively. For the three months ended September 30, 2004, personnel costs increased as a percentage of revenue to 58.6% from 54.7% for the three months ended September 30, 2003, primarily as a result of investments in sales and support personnel intended to promote organic growth during the year. Commissions paid to third party brokers are directly related to revenue, and have remained relatively unchanged as a percentage of revenue at 7.7% and 7.6% for the three months ended September 30, 2004 and 2003, respectively. Occupancy expenses are relatively fixed in nature and have declined as a percent of revenue to 5.9% for the three months ended September 30, 2004 from 6.3% for the three months ended September 30, 2003, despite the decline in revenue. This improvement is the result of cost savings realized from office consolidations and integration activities that have occurred during the year.

NATIONAL PRACTICES SERVICES. The National Practices group contributed approximately $40.0 million and $38.4 million of revenue, or approximately 32.9% and 32.7% of CBIZ's total revenue for the quarters ended September 30, 2004 and 2003, respectively.

CBIZ Medical Management Professionals (CBIZ MMP).

	2004	2003	CHANGE
Revenue			
Same-Unit	$22,262	$19,503	$ 2,759
Acquired Businesses	-	-	-
Divested Businesses	-	-	-
Total Revenue	$22,262	$19,503	$ 2,759
Percent of Total CBIZ Revenue	18.3%	16.6%	
Operating Expenses	17,929	15,362	2,567
Gross Margin	$ 4,333	$ 4,141	$ 192
Gross Margin Percent	19.5%	21.2%	(1.7%)

CBIZ MMP's revenue growth of 14.2% is primarily attributable to the addition of new clients obtained since the third quarter of 2003. The largest components of operating expenses for CBIZ MMP are personnel costs, occupancy costs and office expenses (primarily postage), representing 89.4% and 90.6% of total operating expenses for the three months ended September 30, 2004 and 2003, respectively. Gross margin has declined in the third quarter of 2004 from a year ago, primarily as a result of investments made in additional staff to support and facilitate growth. As a percent of revenue, personnel costs have increased to 58.1% from 55.6% for the three months ended September 30, 2004 and 2003, respectively.

National Practice Services - Other.

	2004	2003	CHANGE
Revenue			
Same-Unit	$ 16,984	$ 18,344	$ (1,360)
Acquired Businesses	711	-	711
Divested Businesses	-	566	(566)
Total Revenue	$ 17,695	$ 18,910	$ (1,215)
Percent of Total CBIZ Revenue	14.6%	16.1%	
Operating Expenses	16,132	17,839	(1,707)
Gross Margin	$ 1,563	$ 1,071	$ 492
Gross Margin Percent	8.8%	5.7%	3.1%

On a same-unit basis, the National Practices group, excluding CBIZ MMP, experienced lower revenue than the same quarter a year ago, primarily due to lower revenues in the technology and property tax businesses. Revenue generated from our data storage business declined in the third quarter of 2004 due to the discontinuance of a product line that did not generate the gross margin desired. The property tax business revenue declined in the third quarter 2004 as compared to 2003 primarily due fewer clients receiving fixed fee services. Revenue from acquisitions relates to a technology firm that was purchased in June 2004. The decline in revenue related to divestitures relates to the closure of unprofitable locations in the property tax and technology businesses during 2003.

The major components of operating expenses for the National Practices group include product, personnel, and occupancy costs, representing 87.1% and 84.8% of total operating expenses for the three months ended September 30, 2004 and 2003, respectively. Product costs have declined as a percentage of revenue to 9.7% from 11.1%, driven primarily by the discontinued product line discussed above. Personnel and occupancy costs have increased as a percentage of revenue to 62.6% from 62.2% and to 7.1% from 6.7% for the three months ended September 30, 2004 and 2003, respectively. Based upon the fixed nature of these costs, the increases were driven primarily by the decline in revenue. The increase in personnel costs as a percent of revenue is not directly proportional to the decline in revenue due to staff reductions that occurred with the business closures described above.

The improvement in gross margin for the three months ended September 30, 2004 from the three months ended September 30, 2003 was realized as the result of closing unprofitable locations in the property tax and technology businesses and discontinuing unprofitable product lines, combined with improvements and operational efficiencies in the payroll, technology and valuation businesses.

Revenue

Total revenue for the three months ended September 30, 2004 was $121.6 million as compared to $117.4 million for the three months ended September 30, 2003, representing an increase of $4.2 million, or 3.5%. The increase in revenue attributable to acquisitions completed subsequent to September 30, 2003 was $2.3 million, and was offset by a decrease in revenue of $0.8 million due to divestitures completed subsequent to September 30, 2003. For business units with comparable periods of operations for the three months ended September 30, 2004 and 2003, revenue increased $2.7 million or 2.3%. A more comprehensive analysis of revenues by practice group is discussed above.

Operating Expenses

Operating expenses increased to $109.9 million for the three-month period ended September 30, 2004, from $107.4 million for the comparable period in 2003, an increase of $2.5 million or 2.3%. As a percent of revenue, operating expenses (excluding consolidation and integration charges) were 89.4% and 90.7% for the three months ended September 30, 2004 and 2003, respectively. The primary components of operating expenses are personnel costs and occupancy expense, representing 79.7% and 79.2% of total operating expenses and 72.1% and 72.5% of revenue for the three months ended September 30, 2004 and 2003, respectively. A more comprehensive analysis of operating expenses (excluding consolidation and integration charges) and their impact on gross margin is discussed by operating practice group, above.

Consolidation and integration charges are reported as operating expenses in the accompanying consolidated financial statements, and increased as a percent of revenue to 1.0% from 0.8% for the three months ended September 30, 2004 and 2003, respectively. The increase in consolidation and integration charges was due primarily to real estate leasing costs in the Chicago market during the third quarter of 2004.

Corporate general and administrative expenses increased to $6.8 million for the three-month period ended September 30, 2004, from $4.9 million for the comparable period in 2003. Corporate general and administrative expenses represented 5.6%, and 4.2% of total revenues for the three-month periods ended September 30, 2004 and 2003, respectively. The increase in corporate general and administrative expenses as a percent of revenues is primarily the result of legal fees, settlements (net of recoveries), and litigation reserves incurred to address several long-standing litigation issues, and expenses associated with the Company's compliance efforts in connection with Section 404 of the Sarbanes-Oxley Act.

Depreciation and amortization expense was $4.1 million for the three-month periods ended September 30, 2004, and 2003 respectively. As a percentage of total revenue, depreciation and amortization expense was 3.4% for the three-month period ended September 30, 2004, compared to 3.5% for the comparable period in 2003.

Interest expense increased to $0.4 million for the three-month period ended September 30, 2004, from $0.2 million for the comparable period in 2003, an increase of $0.2 million, or 57.7%. The increase is the result of higher average debt and interest rates during the third quarter of 2004, of $45.5 million and 3.5%, compared to $21.6 million and 3.3% during the third quarter of 2003. Higher debt in the third quarter of 2004 is due primarily to share repurchase activity, and is further described under "Liquidity and Capital Resources".

Gain on sale of operations, net was $78,000 for the three months ended September 30, 2004, and was related to the sale of a business in the ATA practice group. For the three months ended September 30, 2003, gain on sale of operations, net was $207,000 and related primarily to the sale of two operations in the ATA practice group. See Note 9 to the accompanying consolidated financial statement for further discussion.

CBIZ reported other income of $0.5 million for the three-month periods ended September 30, 2004, and 2003. Other income (expense), net is comprised primarily of interest income earned on funds held for clients at CBIZ's payroll business, income earned on assets held in a rabbi trust related to the deferred compensation plan implemented in the first quarter of 2004, gains and losses on sale of assets, and miscellaneous income such as contingent royalties from previous divestitures.

CBIZ recorded income tax expense from continuing operations of $0.5 million and $1.1 million for the three-month periods ended September 30, 2004 and 2003, respectively. The effective tax rate for the three month period ended September 30, 2004 was 49.1%. The effective tax rate for the quarter ended September 30, 2004 was higher than the effective tax rate as applied to year to date income (40.7%) primarily due to permanent differences, such as non-deductible goodwill related to the sale of a business operation in the third quarter. Income taxes were adjusted in the third quarter of 2003 based on an annual effective tax rate of 44.4%. The annual effective tax rate for 2003 was higher than the statutory federal and state tax rates due to capital losses resulting from certain impairment charges that were not offset by capital gains and therefore were not deductible and were not expected to be deductible in future periods.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

ACCOUNTING, TAX AND ADVISORY SERVICES.

	2004	2003	CHANGE
Revenue			
Same-Unit	$158,832	$156,682	$ 2,150
Acquired Businesses	4,929	-	4,929
Divested Businesses	-	1,896	(1,896)
Total Revenue	$163,761	$158,578	$ 5,183
Percent of Total CBIZ Revenue	41.5%	41.3%	
Operating Expenses	136,199	133,358	2,841
Gross Margin	$ 27,562	$ 25,220	$ 2,342
Gross Margin Percent	16.8%	15.9%	0.9%

On a same-unit basis, the ATA group experienced growth of 1.4% during the nine months ended September 30, 2004 compared to a year ago. The growth experienced in same-unit revenue was primarily the result of an increase in the aggregate number of hours charged to clients in our litigation support and Sarbanes-Oxley related services. Hourly rates charged to clients have increased slightly over last year, and client profitability has remained consistent. The utilization of professionals has improved, as the number of hours charged to clients has increased, while the number of available professionals has decreased from a year ago. The growth in revenue attributable to acquisitions was primarily from Sarbanes-Oxley consulting services provided by CBIZ HarborView, which was acquired in September 2003.

The largest components of operating expenses for the ATA group are personnel costs, occupancy costs and professional service fees paid to third parties, representing 88.5% and 88.0% of total operating expenses for the nine months ended September 30, 2004 and 2003, respectively. As a percentage of revenue, personnel costs were 64.9% and 66.6% and occupancy costs were 6.7% and 6.8%, for the nine months ended September 30, 2004 and 2003, respectively. These costs are relatively fixed in nature, thus resulting in an improvement to gross margin with the growth in revenue. Professional service fees paid to third parties increased to 2.0% percent of revenue for the nine months ended September 30, 2004 from 0.6% for the same period a year ago, as the result of outsourced professional services utilized at CBIZ HarborView for Sarbanes-Oxley consulting services, and at a unit that delivers services requiring specialization in state agency compliance.

BENEFITS AND INSURANCE SERVICES.

	2004	2003	CHANGE
Revenue			
Same-Unit	$111,861	$110,279	$ 1,582
Acquired Businesses	1,520	-	1,520
Divested Businesses	-	5,455	(5,455)
Total Revenue	$113,381	$115,734	$ (2,353)
Percent of Total CBIZ Revenue	28.7%	30.2%	
Operating Expenses	95,309	93,651	1,658
Gross Margin	$ 18,072	$ 22,083	$ (4,011)
Gross Margin Percent	15.9%	19.1%	(3.2%)

On a same-unit basis, the B&I group experienced an increase in revenue of 1.4% during the nine months ended September 30, 2004 compared to the same period a year ago. This growth is primarily attributable to our group health business which has experienced an increase in the number of policies sold in the first nine months of 2004 compared with a year ago. We have also experienced growth in our specialty life insurance business, which was offset by a decline in revenue in a business unit that is described below.

The increase in revenue from acquired businesses pertains to business units providing primarily group benefits and property and casualty services in the Chicago, Salt Lake City, Maryland and southern Florida markets. The decline in revenue from divestitures relates to Health Administration Services, which was sold in May 2003.

The largest components of operating costs for the B&I group are personnel costs, commissions paid to third party brokers, and occupancy costs, representing 85.8% and 84.6% of total operating expenses for the nine months ended September 30, 2004 and 2003, respectively. For the nine months ended September 30, 2004, personnel costs increased as a percentage of revenue to 58.0% from 56.0% for the nine months ended September 30, 2003, primarily as a result of investments in sales and support personnel intended to promote organic growth during the year. CBIZ expects the investments in sales personnel to result in margin improvement in future periods, once they have had time to establish their production levels. Commissions paid to third party brokers have increased to 8.0% from 6.4% for the nine months ended September 30, 2004 and 2003, respectively, primarily due to a higher portion of revenue being generated with third party brokers during the current year than a year ago. Occupancy expenses are relatively fixed in nature and have declined as a percent of revenue to 6.1% for the nine months ended September 30, 2004 from 6.2% for the nine months ended September 30, 2003, despite the decline in revenue. This improvement is the result of cost savings realized from office consolidations and integration activities that have occurred during the year.

Gross margin has decreased compared to a year ago, primarily as the result of one national business unit that has experienced lower enrollments compared with a year ago, and revenue adjustments resulting from higher policy terminations than originally estimated. This unit has experienced significant growth over the last three years, which has resulted in system, client service and other operational challenges. CBIZ has allocated resources to support the current level of revenue and future growth, and is in the process of implementing new systems, including a new client service interface. The decline in revenue, combined with higher expenses to support growth in this unit have resulted in a negative impact on gross margin of approximately $4.1 million for the first nine months of 2004, compared with a year ago.

NATIONAL PRACTICES SERVICES. The National Practices group contributed approximately $117.4 million and $109.6 million of revenue, or approximately 29.8% and 28.5% of CBIZ's total revenue for the nine months ended September 30, 2004 and 2003, respectively.

CBIZ Medical Management Professionals (CBIZ MMP).

	2004	2003	CHANGE
Revenue			
Same-Unit	$64,321	$55,764	$ 8,557
Acquired Businesses	-	-	-
Divested Businesses	-	-	-
Total Revenue	$64,321	$55,764	$ 8,557
Percent of Total CBIZ Revenue	16.3%	14.5%	
Operating Expenses	53,040	45,759	7,281
Gross Margin	$11,281	$10,005	$ 1,276
Gross Margin Percent	17.5%	17.9%	(0.4%)

CBIZ MMP's revenue growth of 15.3% is primarily attributable to the addition of new clients obtained in the first nine months of 2004. The revenue growth is also attributable to the maturation of clients that were obtained in 2003 and strong existing client sales. The largest components of operating expenses for CBIZ MMP are personnel costs, occupancy costs and office expenses (primarily postage), representing 89.2% and 90.2% of total operating expenses for the nine months ended September 30, 2004 and 2003, respectively. Gross margin has declined for the nine months ended September 30, 2004 from the comparable period a year ago, primarily as a result of investments made in additional staff to support and facilitate growth. As a percentage of revenue, personnel costs have increased to 59.1% from 58.2% for the nine months ended September 30, 2004 and 2003, respectively.

National Practice Services - Other.

	2004	2003	CHANGE
Revenue			
Same-Unit	$ 52,047	$ 51,433	$ 614
Acquired Businesses	1,005	-	1,005
Divested Businesses	-	2,384	(2,384)
Total Revenue	$ 53,052	$ 53,817	$ (765)
Percent of Total CBIZ Revenue	13.5%	14.0%	
Operating Expenses	47,735	53,663	(5,928)
Gross Margin	$ 5,317	$ 154	$ 5,163
Gross Margin Percent	10.0%	0.3%	9.7%

On a same-unit basis, the National Practices group, excluding CBIZ MMP, experienced growth in revenue of 1.2% for the nine months ended September 30, 2004 over the same period in 2003. Approximately $2.4 million of the same-unit revenue increase was attributable to four merger and acquisition transactions that closed during the first six months of 2004, which was offset by lower revenues in CBIZ's technology, health care consulting and valuation businesses during the nine months ended September 30, 2004. Revenue from acquisitions relates to a technology firm that was purchased in June 2004. The decline in revenue related to divestitures relates to the closure of unprofitable locations in the property tax and technology businesses during 2003.

The major components of operating expenses for the national practices group include product, personnel, and occupancy costs, representing 86.9% and 85.3% of total operating expenses for the nine months ended September 30, 2004 and 2003, respectively. These costs have decreased as a percentage of revenue as follows: product costs to 7.5% from 9.0%, personnel costs to 63.8% from 68.8% and occupancy costs to 6.9% from 7.2% for the nine months ended September 30, 2004 and 2003, respectively.

The improvement in gross margin for the nine months ended September 30, 2004 from the nine months ended September 30, 2003 was realized as the result of closing unprofitable locations within the property tax and technology businesses, and discontinuing product lines in the technology business that did not generate desirable margins, combined with improvements and operational efficiencies in the payroll, technology and valuation businesses.

Revenue

Total revenue for the nine months ended September 30, 2004 was $394.5 million as compared to $383.9 million for the nine months ended September 30, 2003, representing an increase of $10.6 million, or 2.8%. The increase in revenue attributable to acquisitions completed subsequent to September 30, 2003 was $7.4 million, and was offset by a decrease in revenue of $9.7 million due to divestitures completed subsequent to September 30, 2003. For business units with comparable periods of operations for the nine months ended September 30, 2004 and 2003, revenue increased $12.9 million or 3.4%. A more comprehensive analysis of revenues by each operating practice group is discussed above.

Expenses

Operating expenses increased to $340.6 million for the nine-month period ended September 30, 2004, from $332.0 million for the comparable period in 2003, an increase of $8.6 million or 2.6%. As a percent of revenue, operating expenses (excluding consolidation and integration charges) were 85.8% and 86.1% for the nine months ended September 30, 2004 and 2003, respectively. The primary components of operating expenses are personnel costs and occupancy expense, representing 80.6% and 81.0% of total operating expenses and 69.6% and 70.1% of revenue for the nine months ended September 30, 2004 and 2003, respectively. A more comprehensive analysis of operating expenses (excluding consolidation and integration charges) and their impact on gross margin is discussed by operating practice group, above.

Consolidation and integration charges are reported as operating expenses in the accompanying consolidated financial statements, and increased as a percent of revenue to 0.6% from 0.4% for the nine months ended September 30, 2004 and 2003, respectively. The increase in consolidation and integration charges was due primarily to real estate leasing costs in the Chicago market in the third quarter, and an adjustment to our estimated noncancellable lease obligations in the second quarter of 2004.

Corporate general and administrative expenses increased to $18.3 million for the nine-month period ended September 30, 2004, from $14.6 million for the comparable period in 2003. Corporate general and administrative expenses represented 4.6%, and 3.8% of total revenues for the nine-month periods ended September 30, 2004 and 2003, respectively. The increase in corporate general and administrative expenses as a percent of revenues is primarily the result of legal fees, settlements (net of recoveries), and litigation reserves incurred to address several long-standing litigation issues, and expenses associated with the Company's compliance efforts in connection with Section 404 of the Sarbanes-Oxley Act.

Depreciation and amortization expense decreased to $12.2 million for the nine-month period ended September 30, 2004, from $12.7 million for the comparable period in 2003, a decrease of $0.4 million, or 3.5%. The decrease is primarily attributable to the shift from purchasing computer-related items and furniture to leasing such items. These operating lease costs are recorded as operating expenses, rather than capitalized and recorded as depreciation, and total $1.8 million for the nine months ended September 30, 2004 and $1.1 million for the nine months ended September 30, 2003. As a percentage of total revenue, depreciation and amortization expense was 3.1% for the nine-month period ended September 30, 2004, compared to 3.3% for the comparable period in 2003.

Interest expense increased to $1.0 million for the nine-month period ended September 30, 2004, from $0.9 million for the comparable period in 2003, an increase of $0.1 million, or 21.5%. The increase is the result of higher average debt during the nine months ended September 30, 2004, of $37.6 million, compared to $17.2 million during the nine months ended September 30, 2003. Higher debt during the first three quarters of 2004 is primarily due to share repurchase activity and is further described under "Liquidity and Capital Resources". The increase in interest expense due to higher average debt balances was offset by a decrease in average interest rates to 3.4% for the nine months ended September 30, 2004 from 4.7% for the nine months ended September 30, 2003. Additionally, interest expense for nine months ended September 30, 2003 included fees related to an interest rate swap that was terminated during the second quarter of 2003.

Gain on sale of operations, net was $1.0 million for the nine months ended September 30, 2004, and was related to the sale of two operations and three client lists in the ATA practice group, and a client list in the B&I practice group. For the nine months ended September 30, 2003, gain on sale of operations, net was $2.0 million and related primarily to the sale of Health Administrative Services (HAS) from the B&I practice group. Three businesses from the ATA practice group were also sold during the nine months ended September 30, 2003. See Note 9 to the accompanying consolidated financial statement for further discussion.

CBIZ reported other income of $1.4 million for the nine-month period ended September 30, 2004, compared to other expense of $0.5 million for the comparable period in 2003, an increase $1.9 million. Other income (expense), net is comprised primarily of interest income earned on funds held for clients at CBIZ's payroll business, income earned on assets held in a rabbi trust related to the deferred compensation plan implemented in the first quarter of 2004, gains and losses on sale of assets, and miscellaneous income such as contingent royalties from previous divestitures. The change in other income (expense) for the nine months ended September 30, 2004 from the nine months ended September 30, 2003 is primarily related to $2.0 million of impairment charges to notes receivable during the nine months ended September 30, 2003 that did not recur in 2004.

CBIZ recorded income taxes from continuing operations of $10.1 million for the nine months ended September 30, 2004, compared to $11.2 million for the nine months ended September 30, 2003. The effective tax rate decreased to 40.7% for the nine-month period ended September 30, 2004, from 44.4% for the comparable period in 2003. The effective tax rate for the nine months ended September 30, 2004 is in line with statutory federal and state tax rates of approximately 40.0%. The effective tax rate for the nine months ended September 30, 2003 was higher than the statutory federal and state tax rates of approximately 40.0%, primarily due to capital losses resulting from certain impairment charges that were not offset by capital gains and were not deductible in the period.

RESULTS OF OPERATIONS - DISCONTINUED BUSINESSES

During the third quarter of 2004, CBIZ divested two business units within the ATA practice group, through a sale and a closure. During the second quarter of 2004, CBIZ adopted a formal plan to divest of a firm in the National Practices practice group, which remains available for sale at September 30, 2004. There were no plans to divest of operations adopted during the first quarter of 2004, and there were no operations available for sale at March 31, 2004.

During 2003, CBIZ adopted formal plans to divest of five non-core operations which were no longer part of CBIZ's strategic long-term growth objectives. At December 31, 2003, all operations classified as discontinued operations had been sold or were in the process of being closed, and there were no operations available for sale.

These operations have been classified as discontinued businesses in accordance with the adoption of Statement of Financial Accounting Standards (SFAS) 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," and the net assets, liabilities, and results of operations are reported separately in the consolidated financial statements. Based upon the sales proceeds and cost of closure, CBIZ recorded a gain (loss) on disposal of discontinued businesses, net of tax, of $0.2 million, and ($0.2) million for the three months ended and $0.2 million and ($0.4) million for the nine months ended September 30, 2004, and 2003, respectively.

Revenue associated with discontinued businesses for the three and nine-month periods ended September 30, 2004 were $0.9 million and $3.3 million, and losses from operations, net of tax were $0.4 million and $0.6 million, respectively. Revenue associated with discontinued businesses for the three and nine-month periods ended September 30, 2003 were $3.3 million and $10.5 million, and losses from operations, net of tax were $0.4 million and $0.6 million, respectively.

FINANCIAL CONDITION

Total assets were $420.6 million, total liabilities were $171.5 million and shareholders equity was $249.1 million as of September 30, 2004. Current assets of $193.2 million exceeded current liabilities of $112.8 million by $80.4 million.

Cash and cash equivalents increased $0.2 million to $4.0 million for the quarter ended September 30, 2004. Restricted cash was $13.8 million at September 30, 2004, an increase of $2.9 million from December 31, 2003. Restricted cash represents those funds held in connection with CBIZ's NASD regulated operations and funds held in connection with the pass through of insurance premiums to the carrier. Cash and restricted cash fluctuate during the year based on the timing of cash receipts and related payments.

Accounts receivable, net were $112.1 million at September 30, 2004, an increase of $2.7 million from December 31, 2003. The increase in accounts receivable is attributed to the increase in revenue from internal growth and acquisitions. Days sales outstanding (DSO), from continuing operations, which are calculated based on gross accounts receivable balance at the end of the period divided by daily revenue, decreased from 81 days at December 31, 2003 to 78 days at September 30, 2004. CBIZ provides DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to collect on receivables in a timely manner.

Goodwill and other intangible assets, net of accumulated amortization, increased $3.6 million from December 31, 2003. Acquisitions, including contingent consideration earned, resulted in a $5.6 million increase in intangibles in the first three quarters of 2004. In addition, intangibles decreased by $2.0 million as a result of divestitures completed during the nine months ended September 30, 2004, and amortization expense for client lists and other intangibles.

Other current assets increased $1.4 million due to the timing of prepaid assets. CBIZ prepays insurance and software maintenance costs in the first quarter, and amortizes them over twelve months. Other assets (non-current) increased $4.1 million, primarily due to assets held in a rabbi trust in connection with the deferred compensation plan that was implemented during the first quarter of 2004. These assets are directly offset by liabilities which are recorded as other non-current liabilities in the accompanying consolidated financial statements.

As further described in Note 1 to the accompanying consolidated financial statements, funds held for clients are directly offset by client fund obligations. Funds held for clients fluctuate during the year based on the timing of cash receipts and related payments.

The accounts payable balance of $28.1 million at September 30, 2004 reflects amounts due to suppliers and vendors; balances fluctuate during the year based on the timing of cash payments. Other current liabilities increased $0.7 million to $34.9 million at September 30, 2004, primarily as the result of an increase in legal reserves (see description of legal expenses under the corporate general and administrative expense discussion above), contingent consideration earned in connection with various acquisitions, and capitalized furniture and equipment leases in connection with consolidation activities in Kansas City. These increases were offset by a decrease in our accrual for lease terminations (including consolidation and integration reserve). This reserve decreased despite charges described under operating expenses above, as the result of lease payments made during the nine months ended September 30, 2004. The increase in income taxes payable to $1.3 million at September 30, 2004, from income taxes recoverable of $0.4 million at December 31, 2003, is due to tax refunds received in fiscal 2003 that are not expected to recur in 2004. Client fund obligations of $48.0 million were directly related to funds held for clients in the same amount as reflected in current assets.

Bank debt for amounts due on CBIZ's credit facility increased by $38.5 million to $52.5 million at September 30, 2004 from December 31, 2003, driven primarily by stock repurchases made during the second and third quarters of 2004. Other non-current liabilities increased $4.4 million due to the deferred compensation plan as described above, and capitalized furniture and equipment leases in connection with consolidation activities in Kansas City.

LIQUIDITY AND CAPITAL RESOURCES

CBIZ entered into a modified $100.0 million credit facility effective August 9, 2004. See Note 4 to CBIZ's consolidated financial statements included herewith for additional information regarding the credit facility. The credit facility carries an option to increase the total commitment to $125.0 million and allows for the allocation of funds for strategic initiatives, including acquisitions and the repurchase of CBIZ common stock. CBIZ expects to use the facility for working capital, internal growth initiatives, and the strategic initiatives noted above. The facility has a five-year term with an expiration date of August 2009. CBIZ is currently in compliance with all covenants under its credit facility.

At September 30, 2004, CBIZ had $52.5 million outstanding under its credit facility, leaving approximately $43.6 million of available funds under the facility based on the terms of the commitment. Management believes that those available funds, along with cash generated from operations, will be sufficient to meet its liquidity needs in the foreseeable future.

SOURCES AND USES OF CASH

Cash provided by operating activities and funds available from CBIZ's credit facility provide the resources to support current operations, projected growth, acquisitions, capital expenditures, and share repurchases. Net cash provided by operating activities was $11.8 million and $30.4 million for the nine months ended September 30, 2004 and 2003, respectively. In comparison to 2003, the resulting decrease in cash provided by continuing operating activities during 2004 was primarily a result of a change in net working capital and a change in income tax refunds and credits realized during 2003. CBIZ's principal source of net operating cash is derived from the collection of fees from professional services rendered to its clients and commissions earned in the areas of accounting, tax, valuation and advisory services, benefits consulting and administration services, insurance, human resources and payroll solutions, capital advisory, retirement and wealth management services and technology solutions.

Net cash used in investing activities during the nine months ended September 30, 2004 of $5.8 million primarily consisted of $6.2 million used for capital expenditures and approximately $4.3 million used toward acquisitions and contingent consideration earned from previously acquired businesses; see Note 8 to CBIZ's consolidated financial statements included herewith for additional information regarding acquisitions. Cash provided by investing activities include $3.0 million of proceeds from divestitures of business units and various client lists, and $1.7 million from the collections of notes receivables related primarily to divestitures. Capital expenditures consisted of leasehold improvements and equipment in connection with the consolidation of certain offices, IT capital to support growth in the medical practice management unit and equipment purchases in relation to normal replacement. Net cash used in investing activities during the nine months ended September 30, 2003 of $4.4 million primarily consisted of $7.6 million used for capital expenditures, and $3.3 million used toward acquisitions and contingent consideration earned from previously acquired businesses, and was offset by cash provided through divestitures of $5.0 million and $1.5 million from the collections of notes receivables related primarily to divestitures.

Net cash used in financing activities was $5.8 million during the nine months ended September 30, 2004. During the same period in 2003, net cash used in investing activities was $27.9 million. Proceeds from bank debt and net cash provided by operating activities were the primary sources used to fund the repurchase of $45.3 million of CBIZ capital stock during 2004 and $33.5 million during 2003.

A summary of CBIZ's contractual obligations remaining as of September 30, 2004 is as follows (in thousands):

	FISCAL YEAR ENDING						
	TOTAL	2004	2005	2006	2007	2008	THEREAFTER
ON-BALANCE SHEET							
Bank debt (2)	$ 52,500	$ --	$ --	$ --	$ --	$ --	$ 52,500
Notes payable and capitalized leases	4,561	727	2,305	431	402	696	--
Non-cancelable operating lease obligations	182,429	8,565	28,280	24,240	20,686	18,844	81,814
Restructuring lease obligations (1)	15,571	1,013	3,127	3,060	3,017	2,377	2,977
OFF-BALANCE SHEET							
Letters of credit	2,785	2,091	644	--	--	--	50
Performance guarantees for non-consolidated affiliates	1,197	21	1,176	--	--	--	--
Total	$259,043	$ 12,417	$ 35,532	$ 27,731	$ 24,105	$ 21,917	$137,341

(1) Excludes cash payments for subleases.

(2) CBIZ modified its credit facility effective August 9, 2004. The new facility has a five year term and will expire in August 2009.

OFF-BALANCE SHEET ARRANGEMENTS

CBIZ maintains administrative service agreements with 12 CPA firms, as described more fully in our Annual Report on Form 10-K for the year ended December 31, 2003, which qualify as variable interest entities under FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities," as amended. The impact to CBIZ of this accounting pronouncement is not material to the financial condition, results of operations or cash flows of CBIZ, and is further discussed in Note 1 of the accompanying consolidated financial statements.

CBIZ provided guarantees of performance obligations for a CPA firm with which CBIZ maintains an administrative services agreement. Potential obligations under the guarantees totaled $1.2 million and $0.7 million at September 30, 2004 and December 31, 2003, respectively. CBIZ expects the guarantees to expire without the need to advance any cash. In accordance with FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", CBIZ has recognized a liability for the fair value of the obligation undertaken in issuing these guarantees. The liability is recorded as other current liabilities in the accompanying consolidated financial statements.

Letters of credit are issued under our credit facility and are discussed in Note 4 of the accompanying consolidated financial statements.

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 we customarily agree to hold the other party harmless against losses arising from a breach of representations, warranties, covenants or agreements, related to such matters as title to assets sold and certain tax matters. 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, payments made by us under these agreements have not been material. As of September 30, 2004, we were not aware of any indemnification agreements that would require material payments.

INTEREST RATE RISK MANAGEMENT

The Company has used interest rate swaps to manage the interest rate mix of its credit facility and related overall cost of borrowing. Interest rate swaps involve the exchange of floating for fixed rate interest payments to effectively convert floating rate debt into fixed rate debt based on a one, three, or six-month U.S. dollar LIBOR. Interest rate swaps allow the Company to maintain a target range of fixed to floating rate debt. During the nine months ending September 30, 2004, management did not utilize interest rate swaps. Management will continue to evaluate the potential use of interest rate swaps as it deems appropriate under certain operating and market conditions.

CRITICAL ACCOUNTING POLICIES

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

REVENUE RECOGNITION AND VALUATION OF UNBILLED REVENUES

Revenue is recognized only when all of the following are present: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, our fee to the client is fixed or determinable, and collectibility is reasonably assured, which is in accordance with GAAP and SAB 104. CBIZ offers a vast array of products and outsourced business services to its clients. Those services are delivered through three practice groups. A description of revenue recognition, as it relates to those groups, is provided below:

ACCOUNTING, TAX AND ADVISORY SERVICES -- Revenue consists primarily of fees for accounting services, preparation of tax returns and consulting services including Sarbanes-Oxley consulting and compliance projects. Revenues are recorded in the period in which services are provided and meet revenue recognition criteria in accordance with SAB 104. CBIZ bills clients based upon a predetermined agreed-upon fixed fee or actual hours incurred on client projects at expected net realizable rates per hour, plus any out-of-pocket expenses. The cumulative impact on any subsequent revision in the estimated realizable value of unbilled fees for a particular client project is reflected in the period in which the change becomes known.

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

- Commissions relating to brokerage and agency activities whereby CBIZ has primary responsibility for the collection of premiums from insured's (agency or indirect billing) are recognized as of the latter of the effective date of the insurance policy or the date billed to the customer; commissions to be received directly from insurance companies (direct billing) are recognized when the policy becomes effective; and life insurance commissions are recognized when the policy becomes effective. Commission revenue is reported net of sub-broker commissions. Commission revenue is reported net of reserves for estimated policy cancellations and terminations. This reserve is based upon estimates and assumptions using historical cancellation and termination experience and other current factors to project future experience. CBIZ periodically reviews the adequacy of the reserve and makes adjustments as necessary. The use of different estimates or assumptions could produce different results.

- Supplemental commissions, which are based upon certain performance targets, are recognized at the earlier of notification that the target has been achieved, or cash collection.

- Fee income is recognized in the period in which services are provided, and may be based on actual hours incurred on an hourly fee basis, fixed fee arrangements, or asset-based fees.

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

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

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

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

- Medical Management Group -- Fees for services are primarily based on a percentage of net collections on our clients' patient accounts receivable. As such, revenue is determinable, earned, and recognized, when payments are received on our clients' patient accounts.

VALUATION OF ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

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

VALUATION OF GOODWILL AND OTHER INTANGIBLE ASSETS

CBIZ utilizes the purchase method of accounting for all business combinations in accordance with Statement of Financial Accounting Standard No., 141, "Business Combinations" (SFAS 141). Intangible assets, which include client lists and non-compete agreements, are amortized principally by the straight-line method over their expected period of benefit, not to exceed ten years.

In accordance with the provisions of SFAS 142, goodwill is not amortized. Goodwill is tested for impairment annually during the fourth quarter of each year, and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. There was no goodwill impairment during the three or nine months ended September 30, 2004 or 2003.

LOSS CONTINGENCIES

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

ESTIMATES OF INCENTIVE COMPENSATION COSTS AND EFFECTIVE INCOME TAX RATES

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

OTHER SIGNIFICANT POLICIES

Other significant accounting policies not involving the same level of measurement uncertainties as those discussed above are nevertheless important to understanding the consolidated financial statements. Those policies are described in Note 1 to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2003.

NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements issued during the three months ended September 30, 2004 that had or are expected to have a material impact on our financial position, operating results or disclosures.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding CBIZ's financial position, business strategy and plans and objectives for future performance are forward-looking statements. Forward-looking statements are commonly identified by the use of such terms and phrases as "intends," "believes," "estimates," "expects," "projects," "anticipates," "foreseeable future," "seeks," and words or phases of similar import. Such statements are subject to certain risks, uncertainties or assumptions. 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. Such risks and uncertainties include, but are not limited to, CBIZ's ability to adequately manage its growth; CBIZ's dependence on the services of its CEO and other key employees; competitive pricing pressures; general business and economic conditions; and changes in governmental regulation and tax laws affecting its operations. Consequently, no forward-looking statement can be guaranteed. A more detailed description of risks and uncertainties may be found in CBIZ's Annual Report on Form 10-K for the year ended December 31, 2003. CBIZ undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative Disclosures About Market Risk. CBIZ's floating rate debt under its credit facility exposes the Company to interest rate risk. A change in the Federal Funds Rate, or the Reference Rate set by the Bank of America (San Francisco), would affect the rate at which CBIZ could borrow funds under its credit facility. If market interest rates were to increase or decrease immediately and uniformly by 100 basis points from the levels at September 30, 2004, interest expense would increase or decrease by approximately $0.5 million annually.

CBIZ does not engage in trading market risk sensitive instruments. The Company has used interest rate swaps to manage the interest rate mix of its credit facility and related overall cost of borrowing. Interest rate swaps involve the exchange of floating for fixed rate interest payments to effectively convert floating rate debt into fixed rate debt based on a one, three, or six-month U.S. dollar LIBOR. Interest rate swaps allow the Company to maintain a target range of fixed to floating rate debt. Management will continue to evaluate the potential use of interest rate swaps as it deems appropriate under certain operating and market conditions.

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

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We 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 Chairman and 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 Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure Controls and procedures 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 our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS

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

We are currently expending extensive internal and external resources to document and test our internal controls in preparation for issuing our annual assessment of our internal controls as required by Section 404 of the Sarbanes-Oxley Act of 2002 and the associated audit of those controls by our external auditors at the end of fiscal year 2004. The Company believes that we will be able to issue a positive assessment of our internal controls as part of our fiscal 2004 Annual Report on Form 10-K. However, until our assessment is complete, there can be no guarantee that management's report will conclude that our controls are effective.

In the course of its on-going evaluation, the Company has identified certain deficiencies at one of its national insurance units. In response, the Company has allocated additional resources to support the operations of this unit, and is in the process of implementing a new system and additional controls. The Company believes that sufficient resources have been deployed at this unit to ensure that disclosure controls and procedures are effective.

CONCLUSIONS

Based upon the Controls Evaluation, our CEO and CFO have concluded that, subject to the limitations noted above, the Disclosure Controls are effective in providing reasonable assurance that material 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.

Other than disclosed above, there were no changes in our Internal Controls that occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our Internal Controls.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since September 1999, seven purported stockholder class-action lawsuits filed against CBIZ and certain of our current and former directors and officers were consolidated as In Re Century Business Services Securities Litigation, Case No.1:99CV2200, in the United States District Court for the Northern District of Ohio. The plaintiffs alleged that the named defendants violated certain provisions of the Securities Exchange Act of 1934 and certain rules promulgated thereunder in connection with certain statements made during various periods from February, 1998, through January, 2000, by, among other things, improperly amortizing goodwill and failing to adequately monitor changes in operating results. The United States District Court dismissed the matter with prejudice on June 27, 2002. The matter was appealed by the plaintiffs to the Sixth Circuit Court of Appeals. On March 30, 2004, the Court of Appeals affirmed the dismissal of the plaintiffs' complaint in its entirety. The Court also upheld the lower court's denial of the plaintiffs' request for leave to amend their complaint. CBIZ believes that further appeal is now time-barred and that this matter is concluded.

The Company is a defendant in the case In Re Heritage Bond Litigation, Case No. 02-ML-1475 DT (RCx), pending in the Central District of California, as well as a related unconsolidated matter in which plaintiffs allege numerous claims, including mismanagement and misappropriation of funds from a bond financing, against unrelated parties, The Heritage Group and its trustee, U.S. Trust. As part of these cases, the plaintiffs brought an action against two CBIZ subsidiaries (CBIZ Valuation Group, Inc. and CBIZ Accounting, Tax & Advisory, Inc.) alleging negligence and negligent misrepresentation in connection with the provision of valuation and feasibility study services to The Heritage Group. These claims have been pending since 2001 and relate to services performed from 1996 through 2000. Plaintiffs in the class litigation have now attempted to join Century Business Services, Inc. as a party defendant as well.

The Company has received from the plaintiffs reduced offers and demands to settle these suits for approximately $7.0 million, an amount well in excess of the net revenue of the subsidiaries. As a result of the failure of the insurers of Century and its subsidiaries to completely cover the cost of settlement and defense, Century has filed suit against its carriers to determine its coverage rights. Although the ultimate disposition of these proceedings are not presently determinable, management continues to believe that the ultimate resolutions of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

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

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

On March 3, 2004, the Board of Directors authorized a share repurchase of up to 8.5 million shares of CBIZ common stock. A supplement to the plan was approved by the Board of Directors on May 27, 2004, authorizing CBIZ to purchase an additional 2.0 million shares of CBIZ common stock, for a total of 10.5 million shares. These plans expire December 31, 2004, and CBIZ does not intend to terminate any plan prior to its expiration.

ISSUER PURCHASES OF EQUITY SECURITIES

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE (1)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLAN	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLAN
July 1 - July 31, 2004 (2)	26,800	$ 4.17	26,800	2,509,434
August 1 - August 31, 2004 (2)	881,300	$ 4.13	881,300	1,628,134
September 1 - September 30, 2004 (2) (3)	385,400	$ 4.37	385,400	1,242,734
Total	1,293,500	$ 4.20	1,293,500	

(1) Average price paid per share includes fees and commissions.

(2) Open market repurchases.

(3) The Company utilized, and may utilize in the future, a Rule 10b5-1 trading plan to allow for repurchases by the Company during periods when it would not normally be active in the trading market due to regulatory restrictions. Under the Rule 10b5-1 trading plan, the Company is unable to repurchase shares above a pre-determined price per share. Additionally, the maximum number of shares that may be purchased by the Company each day is governed by Rule 10b-18.

See Note 4 to the accompanying consolidated financial statements for a description of working capital restrictions and limitations upon the payment of dividends.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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.

(b) Reports on Form 8-K

The following Current Reports on Form 8-K were filed during the three months ended September 30, 2004:

On August 2, 2004, CBIZ furnished a current report on Form 8-K to provide investors with its financial results for the three and six months ended June 30, 2004, as released to the public and discussed on a conference call on July 27, 2004.

On August 11, 2004, CBIZ filed a current report on Form 8-K to announce that the Company entered into a new credit facility effective August 9, 2004.

SIGNATURE

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

Century Business Services, Inc.

(Registrant)

Date: November 9, 2004

By: /s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer

Exhibit 31.1

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

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

1. I have reviewed this quarterly report on Form 10-Q of Century Business Services, 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 13(a)-15(e) and 15(d)-15(e)) 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) 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

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 9, 2004

/s/ Steven L. Gerard

Steven L. Gerard
Chief Executive Officer

Exhibit 31.2

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

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

1. I have reviewed this quarterly report on Form 10-Q of Century Business Services, 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 13(a)-15(e) and 15(d)-15(e)) 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) 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

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 9, 2004

/s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
of Century Business Services, Inc.

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q for the quarter ended September 30, 2004 (the "Form 10-Q") of Century Business Services, Inc. (the "Issuer").

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

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

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

Date: November 9, 2004

/s/ Steven L. Gerard

Steven L. Gerard
Chief Executive Officer

Subscribed and sworn to before me
this 9th day of November, 2004.

/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 Century Business Services, Inc.

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q for the quarter ended September 30, 2004 (the "Form 10-Q") of Century Business Services, Inc. (the "Issuer").

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

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

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

Date: November 9, 2004

/s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer

Subscribed and sworn to before me
this 9th day of November, 2004.

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