

CBIZ, Inc.
Form 10-K
March 08, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015 or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-32961

CBIZ, INC.

(Exact name of registrant as specified in its charter)

<p style="text-align: center;">Delaware (State or other jurisdiction)</p> <p style="text-align: center;">of incorporation or organization)</p> <p>6050 Oak Tree Boulevard, South,</p> <p style="text-align: center;">Suite 500,</p> <p style="text-align: center;">Cleveland, Ohio (Address of principal executive offices)</p>	<p style="text-align: center;">22-2769024 (I.R.S. Employer</p> <p style="text-align: center;">Identification No.)</p> <p style="text-align: center;">44131 (Zip Code)</p>
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Registrant's telephone number, including area code: (216) 447-9000

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

<p>Common Stock, par value \$0.01 (Title of class)</p>	<p>New York Stock Exchange (Name of exchange on which registered)</p>
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Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☒ No ☐

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$517.0 million as of June 30, 2015.

The number of outstanding shares of the registrant's common stock is 52,551,070 as of February 29, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference in Part III hereof portions of its definitive Proxy Statement for its 2016 Annual Meeting of Stockholders.

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CBIZ, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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Forward-Looking Statements

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

From time to time, the Company may also provide oral or written forward-looking statements in other materials the Company releases to the public. Any or all of the Company's forward-looking statements in this Annual Report on Form 10-K and in any other public statements that the Company makes, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such forward-looking statements can be affected by inaccurate assumptions the Company might make or by known or unknown risks and uncertainties. Many factors mentioned in Item 1A. Risk Factors will be important in determining future results. Should one or more of these risks or assumptions materialize, or should the underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. 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 executive officers and other key employees;

competitive pricing pressures;

general business and economic conditions;

changes in governmental regulation and tax laws affecting CBIZ's operations;

reversal or decline in the current trend of outsourcing business services;

revenue seasonality or fluctuations in and collectability of receivables;

liability for errors and omissions of CBIZ businesses;

regulatory investigations and future regulatory activity (including without limitation inquiries into compensation arrangements within the insurance brokerage industry); and

reliance on information processing systems and availability of software licenses.

Consequently, no forward-looking statement can be guaranteed. The Company's actual future results may vary materially, and CBIZ undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are

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advised, however, to consult any further disclosures the Company makes on related subjects in the quarterly, periodic and annual reports the Company files with the United States Securities and Exchange Commission (the "SEC"). Also note that the Company provides cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to its businesses as discussed in Item 1. These are factors that the Company thinks could cause its actual results to differ materially from expected and historical results. Other factors besides those described here could also adversely affect operating or financial performance.

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

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PART I

Item 1. Business.

Introduction

CBIZ has been operating as a professional services business since 1996. The Company built its professional services business through acquiring accounting and financial service providers, benefits and employee services firms, property and casualty brokerage firms, payroll service providers, and valuation and other service firms throughout the United States. CBIZ is listed on the New York Stock Exchange (NYSE) under the symbol CBZ .

CBIZ provides professional business services, products and solutions that help its clients grow and succeed by better managing their finances and employees. These services are provided to businesses of various sizes, as well as individuals, governmental entities and not-for-profit enterprises throughout the United States and parts of Canada. CBIZ delivers its integrated services through the following three practice groups:

Financial Services

Employee Services

National Practices

CBIZ believes that its diverse and integrated service offerings result in advantages for both the client and for CBIZ. By providing custom solutions that help clients manage their finances and employees, CBIZ enables its clients to focus their resources on their own core business and operational competencies. Additionally, working with one provider for several solutions enables CBIZ's clients to utilize their resources more efficiently by eliminating the need to coordinate with multiple service providers. The ability to combine several services and offer them through one trusted provider distinguishes CBIZ from other service providers.

Business Strategy

CBIZ strives to maximize shareholder value and believes this is accomplished through growth in revenue and earnings per share, as well as the strategic allocation and deployment of free cash-flow and capital resources.

Revenue

CBIZ believes revenue growth will be achieved through internal organic growth, cross-serving additional services to its existing clients, and targeted acquisitions. Each of these components is critical to the long-term growth strategy, and CBIZ expects each component to contribute to long-term revenue growth.

CBIZ believes it can capitalize on organic growth opportunities by offering a higher level of national resources than traditional local professional service firms, but delivering these services locally with a higher level of personal service than is expected from traditional national firms. CBIZ is also able to leverage technology to create efficiencies and to link together aligned services such as benefits, payroll and human resource services.

Cross-serving provides CBIZ with the opportunity to offer and deliver multiple services to existing clients. Cross-serving opportunities are identified by Company employees as they provide services to their existing clients. Being a trusted advisor to its clients provides CBIZ with the opportunity to identify the clients' needs, while the diverse and integrated services offered by CBIZ allow the Company to provide solutions to satisfy these needs.

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CBIZ's acquisition strategy is to selectively acquire businesses that expand the Company's market position and strengthen its existing service offerings. Strategic businesses that CBIZ seeks to acquire generally have strong and energetic leadership, a positive local market reputation, commitment to client service, the potential for cross-serving additional CBIZ services to their clients, an ability to integrate quickly with existing CBIZ operations and are accretive to earnings.

Table of Contents**Earnings Per Share**

CBIZ expects to grow earnings per share by increasing revenue and achieving operating leverage through improved productivity and cost management.

Cash Flows and Capital Resources

CBIZ's strategy is to utilize capital resources for strategic initiatives that will optimize shareholder return. The highest priority for the utilization of capital is focused on strategic acquisitions. CBIZ also believes that repurchasing shares of its common stock is a use of cash that provides stockholder value. Accordingly, CBIZ has historically adopted a repurchase plan annually and continually evaluates share repurchase opportunities. CBIZ may repurchase shares of its common stock when, after assessing capital needed to fund acquisitions and seasonal working capital needs, capital resources are available and such repurchases are accretive to stockholders.

Business Services

During the year ended December 31, 2013, CBIZ, through its subsidiary CBIZ Operations, Inc., an Ohio corporation, completed the sale of all of the issued and outstanding capital stock of each of CBIZ Medical Management Professionals, Inc., an Ohio corporation, and CBIZ Medical Management, Inc., a North Carolina corporation, and substantially all of the stock of their subsidiary companies, collectively consisting of all of CBIZ's Medical Management Professionals ongoing operations and business (MMP) to Zotec Partners, LLC, an Indiana limited liability company. Prior to the completion of this transaction, MMP was considered one of CBIZ's practice groups. For further discussion regarding MMP, see Note 19 to the accompanying consolidated financial statements.

Following the disposition of MMP, CBIZ delivers its integrated services through three operating practice groups. A general description of services provided by each practice group is provided in the table below.

Financial Services	Employee Services	National Practices
Accounting	Employee Benefits	Managed Networking and Hardware Services
Tax	Property & Casualty	Health Care Consulting
Government Health Care Consulting	Retirement Plan Services	
Financial Advisory	Payroll Services	
Valuation	Life Insurance	
Litigation Support	Human Capital Services	
Risk Advisory Services	Compensation Consulting	
Real Estate Advisory	Executive Recruiting	
	Actuarial Services	

Practice Groups

Revenue by practice group for the years ended December 31, 2015, 2014 and 2013 is provided in the table below (in thousands):

	Year Ended December 31,					
	2015		2014		2013	
Financial Services	\$ 476,396	63.5%	\$ 465,130	64.6%	\$ 441,787	65.2%

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Employee Services	244,493	32.6%	224,898	31.3%	204,863	30.3%
National Practices	29,533	3.9%	29,455	4.1%	30,521	4.5%
Total CBIZ	\$ 750,422	100.0%	\$ 719,483	100.0%	\$ 677,171	100.0%

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A discussion of CBIZ's practice groups and certain external relationships and regulatory factors that currently impact those practice groups are provided below. See Note 21 to the accompanying consolidated financial statements for further discussion of CBIZ's practice groups.

Financial Services

The Financial Services practice group is divided into a Financial Services division, which represents the various accounting units spread geographically throughout the United States that provide core accounting services regionally, and a National Services division consisting of those units that provide their specialty services nationwide. Core accounting services consist mainly of accounting and tax compliance and consulting, as well as litigation support, while National Services consist primarily of federal and state governmental health care compliance, valuation services, real estate consulting and internal audit outsourcing. Both the Financial Services and National Services divisions report to the President of Financial Services. The President of Financial Services reports to CBIZ's President and Chief Operating Officer (COO).

Restrictions imposed by independence requirements and state accountancy laws and regulations preclude CBIZ from rendering audit and attest services (other than internal audit services). As such, CBIZ and its subsidiaries maintain joint-referral relationships and administrative service agreements (ASAs) with independent licensed Certified Public Accounting (CPA) firms (the CPA firms) under which audit and attest services may be provided to CBIZ's clients by such CPA firms. These firms are owned by licensed CPAs, a vast majority of whom are also employed by CBIZ's subsidiaries. Under these ASAs, CBIZ provides a range of services to the CPA firms, including (but not limited to): administrative functions such as office management, bookkeeping and accounting; preparing marketing and promotional materials; providing office space, computer equipment and systems support; and leasing administrative and professional staff. Services are performed in exchange for a fee.

Fees earned by CBIZ under the ASAs are recorded as revenue in the accompanying Consolidated Statements of Comprehensive Income and totaled approximately \$137.5 million, \$133.7 million and \$133.5 million for the years ended December 31, 2015, 2014 and 2013, respectively, a majority of which is related to services rendered to privately-held clients and governmental agencies. In the event that accounts receivable and unbilled work in process become uncollectible by the CPA firms, the service fee due to CBIZ is typically reduced on a proportional basis. The ASAs have terms ranging up to eighteen years, are renewable upon agreement by both parties, and have certain rights of extension and termination.

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 CBIZ has contractual relationships as a single entity in applying independence rules established by the accountancy regulators and the SEC. Accordingly, CBIZ does not hold any financial interest in an SEC-reporting attest client of an associated CPA firm, enter into any business relationship with an SEC-reporting attest client that the CPA firm performing an audit could not maintain, or sell any non-audit services to an SEC-reporting attest client that the CPA firm performing an audit could not sell, under the auditor independence limitations set out in the Sarbanes-Oxley Act of 2002 and other professional accountancy independence standards. Applicable professional standards generally permit CBIZ 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 CBIZ is associated have implemented policies and procedures designed to enable the Company and the CPA firms to maintain independence and freedom from conflicts of interest in accordance with applicable standards. Given the policies 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 Sarbanes-Oxley Act independence limitations do not, and are not expected to, materially affect CBIZ revenues.

The CPA firms with which CBIZ maintains ASAs may operate as limited liability companies, limited liability partnerships or professional corporations. The firms are separate legal entities with separate governing bodies and officers. Neither the existence of the ASAs nor the providing of services thereunder constitutes control of the CPA firms by CBIZ. CBIZ and the CPA firms maintain their own respective liability and risk of loss in

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connection with the performance of their respective services. Attest services are not permitted to be performed by any individual or entity that is not licensed to do so. CBIZ is not permitted to perform audits, reviews, compilations, or other attest services, does not contract to perform them and does not provide the associated attest reports. Given this legal prohibition and course of conduct, CBIZ does not believe it is likely that it would bear the risk of litigation losses related to attest services provided by the CPA firms.

At December 31, 2015, CBIZ maintained ASAs with four CPA firms. Most of the members and/or stockholders of the CPA firms are also CBIZ employees, and CBIZ renders services to the CPA firms as an independent contractor. One of CBIZ's ASAs is with Mayer Hoffman McCann, P.C. (Mayer Hoffman), an independent national CPA firm headquartered in Kansas City, Missouri. Mayer Hoffman has 251 stockholders, a vast majority of whom are also employees of CBIZ. Mayer Hoffman maintains an eight member board of directors. There are no board members of Mayer Hoffman who hold senior officer positions at CBIZ. CBIZ's association with Mayer Hoffman offers clients access to the multi-state resources and expertise of a national CPA firm. CBIZ also has an ASA with Myers & Stauffer LLC (M&S), an independent national governmental health care consulting firm headquartered in Kansas City, Missouri. M&S has eight equity members, all of whom are also employees of CBIZ. M&S maintains a three member executive committee, none of whom hold senior officer positions at CBIZ.

Although the ASAs do not constitute control, CBIZ is one of the beneficiaries of the agreements and may bear certain economic risks. As such, the CPA firms with which CBIZ maintains ASAs qualify as variable interest entities. See Note 1 to the accompanying consolidated financial statements for further discussion.

Employee Services

CBIZ's Employee Services practice group operates under a divisional President who oversees the practice group, along with a senior management team aligned along functional, product, and unit management lines. The Employee Services President reports to CBIZ's President and COO. CBIZ's Employee Services group is organized along lines of services such as employee benefits consulting and brokerage, property and casualty brokerage, retirement plan advisory services, payroll services, human capital advisory services, actuarial services, life insurance and other services that serve local and regional clients with national resources.

CBIZ's Employee Services practice group maintains relationships with many different insurance carriers. Some of these carriers have compensation arrangements with CBIZ whereby some portion of payments due may be contingent upon meeting certain performance goals, or upon CBIZ providing client services that would otherwise be provided by the carriers. These compensation arrangements are provided to CBIZ as a result of its performance and expertise, and may result in enhancing CBIZ's ability to access certain insurance markets and services on behalf of CBIZ clients. The aggregate compensation related to these arrangements received during the years ended December 31, 2015, 2014 and 2013 was less than 2% of consolidated CBIZ revenue for the respective periods.

National Practices

The National Practices group offers technology and health care consulting services. Both units within the National Practices group have a Business Unit President. One Business Unit President reports to a Senior Vice President and CBIZ's President and COO. The other Business Unit President reports to CBIZ's Chairman and Chief Executive Officer (CEO).

Sales and Marketing

CBIZ's branding goals are focused on providing CBIZ with a consistent image while at the same time providing support, tools and resources for each practice and market to utilize within each of the Company's distinct

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geographic and industry markets. Three key strategies are employed to accomplish these goals: (1) thought leadership, (2) market segmentation, and (3) sales/sales management process development.

Thought leadership: CBIZ marketing efforts continue to capitalize on the extensive knowledge and expertise of CBIZ associates. This has been accomplished through media visibility, social media, webinars, and the creation of a wide variety of white papers, newsletters, books, and other information offerings.

Market segmentation: The majority of CBIZ marketing resources are devoted to the highly measurable and high return on investment strategies that specifically target those industries and service areas where CBIZ has particularly deep experience. These efforts typically involve local, regional or national trade show and event sponsorships, targeted direct mail, email, and telemarketing campaigns, and practice and industry specific websites and newsletters.

Sales/sales management process development: CBIZ continues to enhance an accountable business development culture with several initiatives, including enhanced management visibility, analytics and forecasting through Salesforce.com and the implementation of performance management scorecards and business development pipeline reports. Together, these initiatives have helped create a more effective, efficient and successful sales management process throughout the Company.

CBIZ's focus has been on developing marketing strategies that specifically support each of the Company's major practice areas: Financial Services (accounting) and Employee Services (insurance, payroll and human resources). In each of these segments, emphasis has been put on marketing technology that has the highest and most measurable return on investment, including enhanced targeted email campaigns, webinars, web lead generation, and an evolving web presence.

In 2012, CBIZ launched an initiative to build relationships and reputation through social media. Beginning with comprehensive training and support for LinkedIn and Twitter, CBIZ's social media efforts have expanded to include programs on Facebook, Google+, YouTube and social sharing sites such as Slideshare and Pinterest.

Clients

CBIZ provides professional services to over 90,000 clients, including over 50,000 business clients. By providing various professional services and administrative functions, CBIZ enables its clients to focus their resources on their own operational competencies. Reducing administrative functions allows clients to enhance productivity, reduce costs and improve service quality and efficiency by focusing on their core business. Depending on a client's size and capabilities, it may choose to utilize one, some or many of the diverse and integrated services offered by CBIZ.

CBIZ's clients come from a large variety of industries and markets, including many government agencies, with the Company targeting mid-sized companies that have between 100 and 2,000 employees and annual revenues between \$5.0 million and \$200.0 million. CBIZ's largest client, Edward Jones, comprised less than 3.0% of CBIZ's consolidated revenue in 2015 and is included in the National Practices operating practice group. Management believes that its client diversity helps insulate CBIZ from a downturn in a particular industry or geographic market. Nevertheless, economic conditions among select clients and groups of clients may have an impact on the demand for services provided by CBIZ.

Competition

The professional business services industry is highly fragmented and competitive, with a majority of industry participants, such as accounting, employee benefits, payroll providers or professional service organizations, offering only a limited number of services. Competition is based primarily on client relationships, quality of professional advice, range and quality of services or product offerings, customer service, timeliness, geographic

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proximity, and competitive rates. CBIZ competes with a number of multi-location regional or national professional services firms and a large number of relatively small independent firms in local markets. CBIZ's competitors in the professional business services industry include, but are not limited to, independent consulting services companies, independent accounting and tax firms, payroll service providers, independent insurance brokers and divisions of diversified services companies.

Acquisitions and Divestitures

CBIZ seeks to strengthen its operations and customer service capabilities by selectively acquiring businesses that expand its market position and strengthen its existing service offerings. During the year ended December 31, 2015, CBIZ acquired substantially all of the assets of three businesses:

First Quarter 2015

Model Consulting, Inc. ("Model"), located in Trevese, Pennsylvania, effective March 1, 2015. Model provides employee benefit consulting services to mid-sized companies in the Philadelphia and Southern New Jersey markets. Annualized revenue attributable to Model is estimated to be approximately \$4.2 million. Operating results attributable to Model are reported in the Employee Services practice group.

Fourth Quarter 2015

Pension Resource Group, Inc. ("PRG"), located in Woodstock, Georgia, effective October 1, 2015. PRG provides pension administration solutions including defined benefit administration, data warehousing, benefit communication, compensation statement and human capital services to clients ranging in size from 500 to over 60,000 participants. Annualized revenue attributable to PRG is estimated to be approximately \$4.8 million. Operating results attributable to PRG are reported in the Employees Services practice group.

Cottonwood Group, Inc. ("Cottonwood"), located in Overland Park, Kansas, effective December 1, 2015. Cottonwood provides pension plan consulting, actuarial and investment services for institutional pension plans, retirement funds, endowment funds and foundations. Annualized revenue attributable to Cottonwood is estimated to be \$3.1 million. Operating results attributable to Cottonwood are reported in the Employees Services practice group.

During the year ended December 31, 2015, CBIZ also purchased six client lists, all of which are reported in the Employee Services practice group.

Discontinued Operations of MMP

During the year ended December 31, 2013, CBIZ, through its subsidiary CBIZ Operations, Inc., an Ohio corporation, completed the sale of all of the issued and outstanding capital stock of MMP to Zotec Partners, LLC, an Indiana limited liability company. Prior to the completion of this transaction, MMP was considered one of CBIZ's practice groups. For further discussion regarding MMP, see Note 19 to the accompanying consolidated financial statements.

Regulation

CBIZ's operations are subject to regulation by federal, state, local and professional governing bodies. Accordingly, CBIZ's business services may be impacted by legislative changes by these bodies, particularly with respect to provisions relating to payroll, benefits administration and insurance services, pension plan administration and tax and accounting. CBIZ remains abreast of regulatory changes affecting its business, as these changes often affect clients' activities with respect to employment, taxation, benefits, and accounting. For

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instance, changes in income, estate, or property tax laws may require additional consultation with clients subject to these changes to ensure their activities comply with revised regulations.

CBIZ itself is subject to industry regulation and changes, including changes in laws, regulations, and codes of ethics governing its accounting, insurance, valuation, registered investment advisory and broker-dealer operations, as well as in other industries, the interpretation of which may impact CBIZ's operations.

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

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

As of December 31, 2015, CBIZ believes it is in compliance with all governmental and professional organizations regulations in which it provides services.

Liability Insurance

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

Employees

At December 31, 2015, CBIZ employed approximately 4,400 employees. CBIZ believes that it has a good relationship with its employees. A large number of the Company's employees hold professional licenses or degrees. As a professional services company that differentiates itself from competitors through the quality and diversity of its service offerings, CBIZ believes that its employees are its most important asset. Accordingly, CBIZ strives to remain competitive as an employer while increasing the capabilities and performance of its employees.

Seasonality

A disproportionately large amount of CBIZ's revenue occurs in the first half of the year. This is due primarily to accounting and tax services provided by the Company's Financial Services practice group, which is subject to seasonality related to heavy volume in the first four months of the year. CBIZ's Financial Services practice group generated more than 40.0% of its revenue in the first four months of each of the past five years. In addition, more than 50.0% of the Company's annual earnings per share have been earned during the first quarter of each of the past five years. Like most professional service companies, most of CBIZ's operating costs are relatively fixed in the short term, which generally results in higher operating margins in the first half of the year.

Available Information

CBIZ's principal executive office is located at 6050 Oak Tree Boulevard, South, Suite 500, Cleveland, Ohio 44131, and the Company's telephone number is (216) 447-9000. CBIZ's website is located at <http://www.cbiz.com>. CBIZ makes available, free of charge on its website, through the investor information

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page, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after CBIZ files (or furnishes) such reports with the SEC. The public may read and copy materials the Company files (or furnishes) with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549, and may obtain information on the operations of the Public Reference Room by calling the SEC at 1-800-732-0330. In addition, the SEC maintains an Internet Website that contains reports, proxy and information statements and other information about CBIZ at <http://www.sec.gov>. CBIZ's corporate code of conduct and ethics and the charters of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee of the Board of Directors are available on the investor information page of CBIZ's website, referenced above, and in print to any shareholder who requests them.

Item 1A. Risk Factors.

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

We may be more sensitive to revenue fluctuations than other companies, which could result in fluctuations in the market price of our common stock.

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

Payments on accounts receivable may be slower than expected, or amounts due on receivables or notes may not be fully collectible.

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

We are dependent on the services of our executive officers and other key employees, the loss of any of whom may have a material adverse effect on our business, financial condition and results of operations.

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

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management personnel. Our inability to attract and retain necessary personnel could have a material adverse effect on our business, financial condition and results of operations.

Restrictions imposed by independence requirements and conflict of interest rules may limit our ability to provide services to clients of the attest firms with which we have contractual relationships and the ability of such attest firms to provide attestation services to our clients.

Restrictions imposed by independence requirements and state accountancy laws and regulations preclude CBIZ from rendering audit and attest services (other than internal audit services). As such, CBIZ and its subsidiaries maintain joint-referral relationships and ASAs with independent licensed CPA firms under which audit and attest services may be provided to CBIZ's clients by such CPA firms. The CPA firms are owned by licensed CPAs, a vast majority of whom are employed by CBIZ subsidiaries.

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

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, nor do we enter into any business relationship with, an SEC-reporting attest client that the CPA firm performing an audit could not maintain; further, we do not sell any non-audit services to an SEC-reporting attest client that the CPA firm performing an audit could not sell under the auditor independence limitations set out in the Sarbanes-Oxley Act of 2002 and other professional accountancy independence standards. SEC staff informed us that independence rules that apply to clients that receive attest services under SEC and Public Company Accounting Oversight Board (PCAOB) standards from such CPA firms would prohibit such clients from holding any stock of CBIZ, Inc. However, applicable professional standards generally permit CBIZ to provide additional services to privately-held companies, in addition to those services which may be provided to SEC-reporting attest clients of a CPA firm. CBIZ and the CPA firms have implemented policies and procedures designed to enable us to maintain independence and freedom from conflicts of interest in accordance with applicable standards. Given the pre-existing limits set by 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 independence limitations under the Sarbanes-Oxley Act, SEC rule or interpretation, or PCAOB standards do not and are not expected to materially affect CBIZ revenues.

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

Our goodwill and intangible assets could become impaired, which could lead to material non-cash charges against earnings.

We assess potential impairment on our goodwill and intangible asset balances, including client lists, on an annual basis, or more frequently if there is any indication that the asset may be impaired. Any impairment of goodwill or

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intangible assets resulting from this periodic assessment would result in a non-cash charge against current earnings, which could lead to a material impact on our results of operations, statements of financial position, and earnings per share. Any decline in future revenues, cash flows or growth rates as a result of further adverse changes in the economic environment or an adverse change resulting from new governmental regulations could lead to an impairment of goodwill or intangible assets.

Certain liabilities resulting from acquisitions are estimated and could lead to a material non-cash impact on earnings.

Through its acquisition activities, CBIZ records liabilities for estimated future contingent earnout payments. These liabilities are reviewed quarterly and changes in assumptions used to determine the amount of the liability could lead to a non-cash adjustment that may have a material impact, favorable or unfavorable, on the consolidated statements of comprehensive income.

Governmental regulations and interpretations are subject to changes, which could have a material adverse effect on revenue.

Laws and regulations could result in changes in the amount or the type of business services required by businesses and individuals. We cannot be sure that future laws and regulations will provide the same or similar opportunities for us to provide business consulting and management services to businesses and individuals. State insurance regulators have conducted inquiries to clarify the nature of compensation arrangements within the insurance brokerage industry. Future regulatory actions or laws, including the Affordable Care Act, may limit or eliminate our ability to enhance revenue through all current compensation arrangements and may result in a diminution of future insurance brokerage revenue from these sources. Accordingly, CBIZ's ability to continue to operate in some states may depend on our flexibility to modify our operational structure in response to these changes in regulations.

Changes in the United States health care environment, including new health care legislation, may adversely affect the revenue and margins in our health care benefit businesses.

Our employee benefits business, specifically our group health consulting and brokerage businesses, receives commissions for brokering employer-sponsored health care policies with insurance carriers on behalf of the client. In many cases, these commissions consist of a ratable portion of the insurance premiums on those policies, based upon a sliding scale pertaining to the dollar volume of premiums and/or the number of participants in the plan.

Changes in the health care environment, including, but not limited to, any legislated changes in the U.S. national health care system, that affect the methods by which insurance carriers remunerate brokers, could adversely impact our revenues and margins in this business. Specifically, legislation or other changes could afford our clients and their employees the ability to seek insurance coverage through other means, including, but not limited to, direct access with insurance carriers or other similar avenues, which could eliminate or adversely alter the remuneration brokers receive from insurance carriers for their services.

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

We are subject to risks relating to processing customer transactions for our payroll and other transaction processing businesses.

The high volume of client funds and data processed by us, or by our out-sourced resources abroad, in our transaction related businesses entails risks for which we may be held liable if the accuracy or timeliness of the

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

Cyber attacks or other security breaches involving our computer systems or the systems of one or more of our vendors could materially and adversely affect our business.

Our systems, like others in the payroll, retirement and financial services industries, are vulnerable to cyber security risks, and we are subject to potential disruption caused by such activities. Corporations such as ours are subject to frequent attacks on their systems. Such attacks may have various goals, from seeking confidential information to causing operational disruption. Although to date such activities have not resulted in material disruptions to our operations or, to our knowledge, breach of any security or confidential information, no assurance can be provided that such disruptions or breach will not occur in the future. Any significant violations of data privacy could result in the loss of business, litigation, regulatory investigations, and penalties that could damage our reputation and adversely affect the growth of our business.

We are subject to risk as it relates to software that we license from third parties.

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

We could be held liable for errors and omissions.

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

CBIZ is not a CPA firm and does not perform any attest services for clients. CBIZ does not maintain any ownership interest in or control over any CPA firm with which a CBIZ subsidiary may maintain an ASA. All personnel and staff of CBIZ who are provided to such CPA firms work under the sole direction, supervision and control of the particular CPA firm, and CBIZ does not control how attest work is conducted. For these reasons we do not believe we have liability to any party related to their receipt of attest services from such CPA firms. Nevertheless, from time to time CBIZ has been sued for attest work that we do not perform but which is performed by such CPA firms. While we have been successful to date in defending against such suits, it is

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possible that similar claims may be brought in the future. We will be required to defend against such claims, and may incur expenses related to such lawsuits and may not be successful in defending against such lawsuits. In the event that the CPA firms with which we maintain ASAs incur judgments and costs related to such suits that threaten the solvency of the CPA firms, CBIZ may incur expenditures related to such proceedings.

The future issuance of additional shares could adversely affect the price of our common stock.

Future sales or issuances of common stock, including those related to the uses described below, or the perception that sales could occur, could adversely affect the market price of our common stock and dilute the percentage ownership held by our stockholders. We have authorized 250.0 million shares, and have approximately 52.6 million shares outstanding at February 29, 2016. A substantial number of these shares have been issued in connection with acquisitions. As part of many acquisition transactions, shares are contractually restricted from sale for a one-year period, and as of February 29, 2016, approximately 0.4 million shares of common stock were under lock-up contractual restrictions that expire by December 31, 2016. We cannot be sure when sales by holders of our stock will occur, how many shares will be sold or the effect that sales may have on the market price of our common stock.

The Company's 4.875% Convertible Senior Subordinated Notes due 2015 (the 2010 Notes) matured on October 1, 2015. No shares of CBIZ common stock were issued in conjunction with the maturation of the \$48.4 million outstanding principal amount of the 2010 Notes.

Prior to the October 1, 2015 maturity date

During the second quarter of 2015, the Company issued 5.1 million shares of CBIZ common stock plus cash consideration in privately negotiated transactions in exchange for retiring \$49.3 million of its 2010 Notes.

During the nine months ended September 30, 2014, the Company issued 1.5 million shares of CBIZ common stock plus cash consideration in privately negotiated transactions in exchange for retiring \$32.4 million of its 2010 Notes.

Our principal stockholders may have substantial control over our operations.

At December 31, 2015, the stockholders identified below beneficially owned (within the meaning of Rule 13d-3 of the Exchange Act) the following aggregate amounts and percentages of our common stock:

	Number of Shares (in millions)	% of CBIZ's Outstanding Common Stock
Burgundy Asset Management Ltd.	5.1	9.8%
Fidelity Management & Research Co.	4.7	9.1%
Dimensional Fund Advisors LP	4.2	8.1%
Cardinal Capital Management LLC	2.7	5.0%
The foregoing as a group	16.7	32.0%

Because of their stock ownership, these stockholders may exert substantial influence or actions that require the consent of a majority of our outstanding shares, including the election of directors. CBIZ's share repurchase activities may result in increased ownership percentages of these individuals and therefore increase the influence they may exert, if they do not participate in these share repurchase transactions or otherwise dispose of their common stock.

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We require a significant amount of cash for interest payments on our debt and to expand our business as planned.

At December 31, 2015, our debt consisted primarily of \$205.8 million in principal amount outstanding under our credit facility (as amended the credit facility). Our debt requires us to dedicate a significant portion of our cash flow from operations to pay interest on our indebtedness, thereby reducing the funds available to use for acquisitions, capital expenditures and general corporate purposes. Our ability to make interest payments on our debt, and to fund acquisitions, will depend upon our ability to generate cash in the future. Insufficient cash flow could place us at risk of default under our debt agreements or could prevent us from expanding our business as planned. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our credit facility in an amount sufficient to enable us to fund our other liquidity needs.

Terms of our credit facility may adversely affect our ability to run our business and/or reduce stockholder returns.

The terms of our credit facility, as well as the guarantees of our subsidiaries, could impair our ability to operate our business effectively and may limit our ability to take advantage of business opportunities. For example, our credit facility may:

restrict our ability to repurchase or redeem our capital stock or debt, or merge or consolidate with another entity;

limit our ability to borrow additional funds or to obtain other financing in the future for working capital, capital expenditures, acquisitions, investments and general corporate purposes;

limit our ability to dispose of our assets, create liens on our assets, to extend credit or to issue dividends to our stockholders; and

make us more vulnerable to economic downturns and reduce our flexibility in responding to changing business and economic conditions.

Our failure to satisfy covenants in our debt instruments will cause a default under those instruments.

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

We are reliant on information processing systems and any failure of these systems could have a material adverse effect on our business, financial condition and results of operations.

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

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We may not be able to acquire and finance additional businesses which may limit our ability to pursue our business strategy.

CBIZ acquired three businesses and six client lists during 2015, and maintains a healthy pipeline of potential businesses for acquisition. Targeted acquisitions are part of our growth strategy, and it is our intention to selectively acquire businesses or client lists that are complementary to existing service offerings in our target markets. However, we cannot be certain that we will be able to continue identifying appropriate acquisition candidates and acquire them on satisfactory terms, and we cannot be assured that such acquisitions, even if completed, will perform as expected or will contribute significant synergies, revenues or profits. In addition, we may also face increased competition for acquisition opportunities, which may inhibit our ability to complete transactions on terms that are favorable to us. As discussed above, there are certain provisions under our credit facility that may limit our ability to acquire additional businesses. In the event that we are not in compliance with certain covenants as specified in our credit facility, we could be restricted from making acquisitions, restricted from borrowing funds from our credit facility for other uses, or required to pay down the outstanding balance on the line of credit. However, management believes that funds available under the credit facility, along with cash generated from operations, will be sufficient to meet our liquidity needs, including planned acquisition activity in the foreseeable future. To the extent we are unable to find suitable acquisition candidates, an important component of our growth strategy may not be realized.

The business services industry is competitive and fragmented. If we are unable to compete effectively, our business, financial condition and results of operations may be negatively impacted.

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

There is volatility in our stock price.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

CBIZ's corporate headquarters is located at 6050 Oak Tree Boulevard, South, Suite 500, Cleveland, Ohio 44131, in leased premises. CBIZ and its subsidiaries lease more than 100 offices in 33 states. CBIZ believes that its current facilities are sufficient for its current needs.

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Item 3. Legal Proceedings.

Legal Proceedings

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

These lawsuits arose out of the bankruptcy of Mortgages Ltd., a mortgage lender to developers in the Phoenix, Arizona area. Various other professional firms and individuals not related to the Company were also named defendants in these lawsuits.

Mortgages Ltd. had been audited by Mayer Hoffman, a CPA firm that has an administrative services agreement with CBIZ. The lawsuits asserted claims against Mayer Hoffman for, among others things, violations of the Arizona Securities Act, common law fraud, and negligent misrepresentation, and sought to hold the CBIZ Parties vicariously liable for Mayer Hoffman's conduct as either a statutory control person under the Arizona Securities Act or a joint venturer under Arizona common law. CBIZ is not a CPA firm, does not provide audits, and did not audit any of the entities at issue in these lawsuits, nor is CBIZ a control person of, or a joint venture with, Mayer Hoffman.

With the exception of claims being pursued by two plaintiffs from the Ashkenazi lawsuit ("Baldino Group"), all other matters have been dismissed or settled without payment by the CBIZ Parties. The Baldino Group's claims, which allege damages of approximately \$16.0 million, are currently stayed as to the CBIZ Parties and Mayer Hoffman and no trial date has been set.

The CBIZ Parties deny all allegations of wrongdoing made against them and are vigorously defending the remaining proceedings relating to the Baldino Group's claims. In particular, the CBIZ Parties are not control persons under the Arizona Securities Act of, or in a joint venture with, Mayer Hoffman. The CBIZ Parties do not have, in any respects, the legal right to control Mayer Hoffman's audits or any say in how the audits are conducted. The Company has been advised by Mayer Hoffman that it denies all allegations of wrongdoing made against it and that it intends to continue vigorously defending the matters.

The Company cannot predict the outcome of the above matters or estimate the possible loss or range of loss, if any. Although the proceedings relating to the Baldino Group's claims are subject to uncertainties inherent in the litigation process and the ultimate disposition of these proceedings is not presently determinable, management believes that the allegations are without merit and that the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company.

In addition to those items disclosed above, the Company 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 consolidated financial condition, results of operations or cash flows of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.
Price Range of Common Stock**

CBIZ's common stock is traded on the NYSE under the trading symbol CBZ. The table below sets forth the range of high and low sales prices for CBIZ's common stock as reported on the NYSE for the periods indicated.

	2015		2014	
	High	Low	High	Low
First quarter	\$ 9.44	\$ 7.93	\$ 9.45	\$ 8.19
Second quarter	\$ 9.88	\$ 8.65	\$ 9.39	\$ 8.16
Third quarter	\$ 10.28	\$ 9.07	\$ 9.40	\$ 7.87
Fourth quarter	\$ 11.54	\$ 9.78	\$ 9.39	\$ 7.78

On December 31, 2015, the last reported sale price of CBIZ's common stock as reported on the NYSE was \$9.86 per share. As of February 29, 2016, CBIZ had approximately 2,100 holders of record of its common stock, and the last sale of CBIZ's common stock as of that date was \$10.60.

Dividend Policy

CBIZ's credit facility does not permit the Company to declare or make any dividend payments, other than dividend payments made by one of CBIZ's wholly-owned subsidiaries to the parent company. Historically, CBIZ has not paid cash dividends on its common stock. CBIZ does not anticipate paying cash dividends in the foreseeable future. CBIZ's Board of Directors has discretion over the payment and level of dividends on common stock, subject to the limitations of the credit facility.

Issuer Purchases of Equity Securities**(a) Recent sales of unregistered securities**

During the year ended December 31, 2015, CBIZ issued approximately 0.3 million shares of its common stock as payment for contingent consideration for acquisitions that occurred prior to 2015.

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

The 2010 Notes matured on October 1, 2015. Prior to the maturity date, the Company issued 5.1 million shares of CBIZ common stock plus cash consideration in privately negotiated transactions in exchange for retiring \$49.3 million of its 2010 Notes during the second quarter of 2015. The issuances of common stock were made pursuant to the exemption from the registration provided by Section 3(a)(9) of the Securities Act, on the basis that the exchange constitutes an exchange with an existing holder exclusively in a privately negotiated transaction where no commission or other remuneration has been paid or given directly or indirectly for soliciting such exchange.

(c) Issuer purchases of equity securities

Periodically, CBIZ's Board of Directors authorizes a Share Repurchase Program (the "Share Repurchase Program") which allows the Company to purchase shares of its common stock in the open market or in a privately negotiated transaction according to SEC rules. On February 11, 2015, February 13, 2014 and

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February 6, 2013, CBIZ's Board of Directors authorized the continuation of the Company's Share Repurchase Program, each of which authorized the purchase of up to 5.0 million shares of CBIZ common stock to be obtained in open market, privately negotiated, or 10b5-1 trading plan purchases. Each Share Repurchase Program is effective beginning April 1 of the respective plan year, and each expires one year from the respective effective date. The Share Repurchase Programs do not obligate CBIZ to acquire any specific number of shares and may be suspended at any time.

At December 31, 2015, we had 1.7 million common shares remaining for repurchase under the Share Repurchase Program expiring March 31, 2016. The Company did not repurchase shares of its common stock during the three months ended December 31, 2015.

On February 11, 2016, the CBIZ Board of Directors authorized the continuation of the Share Repurchase Program, which has been renewed annually for the past twelve years. This authorization renews the 5.0 million share authorization currently in place which expires on March 31, 2016.

CBIZ has utilized, and may utilize in the future, trading plans under Rule 10b5-1 to allow for repurchases by the Company during periods when it would not normally be active in the trading market due to regulatory restrictions. Subsequent to December 31, 2015 up to the date of this filing, CBIZ repurchased approximately 0.6 million shares in the open market at a total cost of approximately \$6.1 million under the Company's current Rule 10b5-1 trading plan, which allows CBIZ to repurchase shares below a predetermined price per share. Additionally, the maximum number of shares that may be purchased by the Company each day is governed by Rule 10b-18 under the Exchange Act.

For the year 2013, CBIZ entered a Stock Purchase Agreement (the "Purchase Agreement") with Westbury (Bermuda) Ltd. ("Westbury"), a company organized by CBIZ founder Michael G. DeGroote, in which CBIZ agreed to purchase from Westbury 3.9 million shares of CBIZ's common stock (the "Purchased Shares"), in accordance with an earlier agreement with Westbury (the "Westbury Agreement"). CBIZ agreed to pay Westbury \$25.7 million for the Purchased Shares, which represented a price per share of \$6.65. Following the completion of the purchase of the Purchased Shares, 3.9 million shares remained subject to the Westbury Agreement, for the remainder of its term, which expired on September 30, 2013.

Table of Contents**Performance Graph**

The graph below matches the cumulative 5-Year total return of holders of CBIZ, Inc.'s common stock with the cumulative total returns of the S&P 500 index, the Russell 2000 index and a customized peer group of five companies that includes: Brown & Brown, Inc., H & R Block, Inc., Paychex, Inc., Resources Connection, Inc. and Towers Watson & Company. The graph assumes that the value of the investment in our common stock, in each index, and in the peer group (including reinvestment of dividends) was \$100 on 12/31/2010 and tracks it through 12/31/2015.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

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

* \$100 invested on 12/31/10 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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	12/10	12/11	12/12	12/13	12/14	12/15
CBIZ, Inc.	100.00	97.92	94.71	146.15	137.18	158.01
S&P 500	100.00	102.11	118.45	156.82	178.29	180.75
Russell 2000	100.00	95.82	111.49	154.78		