UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
(Amendment No. 1)

FORM 10-K/A

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024
Commission File Number 0-21886

BARRETT BUSINESS SERVICES, INC.
(Exact name of registrant as specified in its charter)

Maryland **(State or other jurisdiction of incorporation or organization)**	**52-0812977** **(IRS Employer Identification No.)**
8100 NE Parkway Drive, Suite 200 **Vancouver, Washington** **(Address of principal executive offices)**	**98662** **(Zip Code)**

(360) 828-0700
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.01 Per Share	BBSI	The NASDAQ Stock Market LLC

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the common equity held by non-affiliates of the registrant: $825,395,030 at June 30, 2024

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

Class	Outstanding at February 14, 2025
Common Stock, Par Value $.01 Per Share	**25,833,116 Shares**

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the 2025 Annual Meeting of Stockholders are hereby incorporated by reference in Part III of Form 10-K.

BARRETT BUSINESS SERVICES, INC.
2024 ANNUAL REPORT ON FORM 10-K/A
EXPLANATORY NOTE

This Amendment on Form 10-K/A ("Amendment No. 1") amends the registrant's Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on February 28, 2025 (the "Form 10-K"), solely for the purpose of correcting the signature in the Report of Independent Registered Public Accounting Firm included in Part II, Item 8 of the Form 10-K. Accordingly, we are filing this Amendment No. 1 to the Form 10-K to include a corrected Report of Independent Registered Public Accounting Firm.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, the Company is also including the entire text of Part II, Item 8 of the Form 10-K in this Amendment No. 1. However, there have been no changes to the text of such Part II, Item 8 other than the change stated in the paragraph above.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, new certifications of our principal executive officer and principal financial officer are being filed as exhibits to this Amendment No. 1. As this Amendment No. 1 does not contain or amend any disclosure with respect to Items 307 or 308 of Regulation S-K, paragraphs 4 and 5 of the certifications pursuant to Rule 13a-14(a) have been omitted.

No other information included in the Form 10-K has been amended and this Amendment No. 1 should be read in conjunction with the Form 10-K. Except for the matter described above, this amendment does not change any previously reported financial results, modify or update disclosures in the Form 10-K, or reflect events occurring after the filing of the Form 10-K.

PART II

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Barrett Business Services, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Barrett Business Services, Inc. and subsidiaries (the “Company”) as of December 31, 2024 and December 31, 2023, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Workers' Compensation Claims Liabilities

Workers’ compensation claims liabilities represent management’s estimate of future obligation amounts under workers’ compensation programs where the Company retains the risk. These estimates utilize actuarial expertise and projection techniques at a given reporting date, and are based on an evaluation of information provided by the Company’s third-party administrator for workers’ compensation claims, coupled with an actuarial estimate of future loss development with respect to reported claims and incurred but not reported claims (together, “IBNR”). The Company’s estimates are based on actuarial analysis and informed judgment, derived from individual experience and expertise applied to multiple sets of data and analyses. The Company considers significant facts and circumstances known both at the time that loss reserves are initially established, and as new facts and circumstances become known.

Given the subjectivity of estimating future loss development with respect to reported claims and incurred but not reported claims, the related audit procedures to evaluate the workers’ compensation claims liabilities required a high degree of auditor judgment and an increased extent of effort, including involvement of our actuarial specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the workers’ compensation claims liabilities included the following:

- We tested the effectiveness of controls related to the workers’ compensation claims liabilities, including those involving management’s estimates and ultimate loss projections.
- We tested the underlying data that served as the basis for the actuarial analysis, including historical claims, to test that the inputs to the actuarial estimate were complete and accurate.
- With the assistance of our actuarial specialists, we evaluated the methods and assumptions used by management to estimate the workers’ compensation claims liabilities by:
    - Performing a retrospective review, including comparing management’s prior year estimates of expected incurred losses to actual experience during the current year, to identify potential bias in the determination of the workers’ compensation claims liabilities.
    - Developing a range of independent estimates of the workers’ compensation claims liabilities, and comparing our estimated ranges to management’s estimates and assessed the consistency of management’s approach.

/s/ Deloitte & Touche LLP
Portland, Oregon
February 28, 2025

We have served as the Company's auditor since 2016.

Barrett Business Services, Inc.
Consolidated Balance Sheets
December 31, 2024 and 2023
(In Thousands, Except Par Value)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55,367	$ 71,168
Investments	66,492	81,027
Trade accounts receivable, net	234,533	171,407
Income taxes receivable	2,662	7,987
Prepaid expenses and other	18,698	18,443
Restricted cash and investments	97,690	97,470
Total current assets	475,442	447,502
Property, equipment and software, net	56,781	50,295
Operating lease right-of-use assets	20,329	19,898
Restricted cash and investments	134,454	145,583
Goodwill	47,820	47,820
Other assets	6,205	6,222
Deferred income taxes	4,477	4,218
Total assets	$ 745,508	$ 721,538
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,787	$ 6,593
Accrued payroll and related benefits	215,648	160,930
Payroll taxes payable	49,685	73,150
Current operating lease liabilities	6,231	6,623
Current premium payable	31,134	35,276
Other accrued liabilities	10,330	10,674
Workers' compensation claims liabilities	39,081	50,006
Total current liabilities	358,896	343,252
Long-term workers' compensation claims liabilities	89,365	117,757
Long-term premium payable	49,840	37,812
Long-term operating lease liabilities	15,215	14,590
Customer deposits and other long-term liabilities	10,788	8,987
Total liabilities	524,104	522,398
Commitments and contingencies (Notes 5, 7 and 11)		
Stockholders' equity:		
Common stock, $.01 par value; 82,000 shares authorized, 25,784 and 26,290 shares issued and outstanding in 2024 and 2023, respectively [1]	258	263
Additional paid-in capital	40,396	36,743
Accumulated other comprehensive loss	(19,245)	(20,801)
Retained earnings	199,995	182,935
Total stockholders' equity	221,404	199,140
Total liabilities and stockholders' equity	$ 745,508	$ 721,538

[1] Prior period results have been adjusted to reflect the four-for-one stock split effected in the form of a stock dividend in June 2024. See the Business section in Item 1 of Part I of this report for details.

The accompanying notes are an integral part of these consolidated financial statements.

Barrett Business Services, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2024, 2023 and 2022
(In Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2024	2023	2022
Revenues:			
Professional employer services	$ 1,063,386	$ 982,268	$ 937,363
Staffing services	81,145	87,039	116,963
Total revenues	1,144,531	1,069,307	1,054,326
Cost of revenues:			
Direct payroll costs	61,010	65,042	87,944
Payroll taxes and benefits	628,534	555,758	522,392
Workers' compensation	201,736	205,975	209,145
Total cost of revenues	891,280	826,775	819,481
Gross margin	253,251	242,532	234,845
Selling, general and administrative expenses	185,869	174,772	169,642
Depreciation and amortization	7,601	7,110	6,228
Income from operations	59,781	60,650	58,975
Other income (expense):			
Investment income, net	11,130	8,643	6,476
Interest expense	(178)	(166)	(141)
Other, net	89	(139)	(7)
Other income, net	11,041	8,338	6,328
Income before income taxes	70,822	68,988	65,303
Provision for income taxes	17,829	18,376	18,035
Net income	$ 52,993	$ 50,612	$ 47,268
Basic income per common share [1]	$ 2.03	$ 1.88	$ 1.66
Weighted average number of basic common shares outstanding [1]	26,076	26,921	28,521
Diluted income per common share [1]	$ 1.98	$ 1.85	$ 1.64
Weighted average number of diluted common shares outstanding [1]	26,708	27,394	28,905

[1] Prior period results have been adjusted to reflect the four-for-one stock split effected in the form of a stock dividend in June 2024. See the Business section in Item 1 of Part I of this report for details.

The accompanying notes are an integral part of these consolidated financial statements.

Barrett Business Services, Inc.
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024, 2023 and 2022
(In Thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Net income	$ 52,993	$ 50,612	$ 47,268
Unrealized gains (losses) on investments, net of tax of $595, $2,596, and ($10,958) in 2024, 2023 and 2022, respectively	1,556	6,793	(28,673)
Comprehensive income	$ 54,549	$ 57,405	$ 18,595

The accompanying notes are an integral part of these consolidated financial statements.

Barrett Business Services, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2024, 2023 and 2022
(In Thousands)

	Common Stock Shares [1]	Common Stock Amount [1]	Additional Paid-in Capital [1]	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, December 31, 2021	29,660	$ 297	$ 28,831	$ 1,079	$ 178,323	$ 208,530
Common stock issued on exercise of options, purchase of ESPP shares and vesting of restricted stock units and performance awards	339	3	708	—	—	711
Common stock repurchased on vesting of restricted stock units and performance awards	(92)	(1)	(1,691)	—	—	(1,692)
Share-based compensation expense	—	—	7,390	—	—	7,390
Company repurchase of common stock	(2,424)	(24)	(2,700)	—	(44,444)	(47,168)
Cash dividends on common stock ($0.30 per share)	—	—	—	—	(8,524)	(8,524)
Unrealized loss on investments, net of tax	—	—	—	(28,673)	—	(28,673)
Net income	—	—	—	—	47,268	47,268
Balance, December 31, 2022	27,483	$ 275	$ 32,538	$ (27,594)	$ 172,623	$ 177,842
Common stock issued on exercise of options, purchase of ESPP shares and vesting of restricted stock units and performance awards	436	4	698	—	—	702
Common stock repurchased on vesting of restricted stock units and performance awards	(130)	(1)	(2,992)	—	—	(2,993)
Share-based compensation expense	—	—	8,465	—	—	8,465
Company repurchase of common stock	(1,499)	(15)	(1,966)	—	(32,211)	(34,192)
Cash dividends on common stock ($0.30 per share)	—	—	—	—	(8,089)	(8,089)
Unrealized gain on investments, net of tax	—	—	—	6,793	—	6,793
Net income	—	—	—	—	50,612	50,612
Balance, December 31, 2023	26,290	$ 263	$ 36,743	$ (20,801)	$ 182,935	$ 199,140
Common stock issued on exercise of options, purchase of ESPP shares and vesting of restricted stock units and performance awards	497	5	926	—	—	931
Common stock repurchased on vesting of restricted stock units and performance awards	(153)	(2)	(4,835)	—	—	(4,837)
Share-based compensation expense	—	—	8,840	—	—	8,840
Company repurchase of common stock	(850)	(8)	(1,278)	—	(27,847)	(29,133)
Cash dividends on common stock ($0.31 per share)	—	—	—	—	(8,086)	(8,086)
Unrealized gain on investments, net of tax	—	—	—	1,556	—	1,556
Net income	—	—	—	—	52,993	52,993
Balance, December 31, 2024	25,784	$ 258	$ 40,396	$ (19,245)	$ 199,995	$ 221,404

[1] Prior period results have been adjusted to reflect the four-for-one stock split effected in the form of a stock dividend in June 2024. See the Business section in Item 1 of Part I of this report for details.

The accompanying notes are an integral part of these consolidated financial statements.

Barrett Business Services, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022
(In Thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income	$ 52,993	$ 50,612	$ 47,268
Reconciliations of net income to net cash provided by operating activities:			
Depreciation and amortization	7,601	7,110	6,228
Non-cash operating lease expense	6,470	7,036	6,955
Investment (accretion) amortization and (gains) losses recognized	(221)	1,396	1,859
Losses recognized on disposal of property and equipment	65	256	139
Deferred income taxes	(854)	4,626	(2,169)
Share-based compensation	8,840	8,465	7,390
Changes in certain operating assets and liabilities:			
Trade accounts receivable	(63,126)	(7,569)	(8,131)
Income taxes	5,325	(8,597)	(1,063)
Prepaid expenses and other	(255)	1,344	(2,181)
Accounts payable	194	(1,671)	3,779
Accrued payroll and related benefits	55,170	5,698	12,219
Payroll taxes payable	(23,465)	7,030	12,697
Other accrued liabilities	(736)	(4,177)	1,371
Premium payable	7,886	54,168	12,081
Workers' compensation claims liabilities	(39,350)	(51,246)	(64,222)
Operating lease liabilities	(6,668)	(7,099)	(6,740)
Other assets and liabilities, net	218	(160)	298
Net cash provided by operating activities	10,087	67,222	27,778
Cash flows from investing activities:			
Purchase of property, equipment and software	(14,160)	(11,827)	(15,973)
Proceeds from sale of property and equipment	8	120	—
Purchase of investments	(7,902)	(4,387)	—
Proceeds from sales and maturities of investments	23,319	10,352	18,732
Purchase of restricted investments	(29,971)	(66,734)	(4,345)
Proceeds from sales and maturities of restricted investments	67,491	17,289	62,740
Net cash provided by (used in) investing activities	38,785	(55,187)	61,154
Cash flows from financing activities:			
Proceeds from credit-line borrowings	415	12,313	—
Payments on credit-line borrowings	(415)	(12,313)	—
Payments on long-term debt	—	—	(3,510)
Repurchase of common stock	(29,133)	(34,192)	(47,168)
Common stock repurchased on vesting of stock awards	(4,837)	(2,993)	(1,692)
Dividends paid	(8,086)	(8,089)	(8,524)
Proceeds from exercise of stock options and purchase of ESPP	931	702	711
Net cash used in financing activities	(41,125)	(44,572)	(60,183)
Net increase (decrease) in cash, cash equivalents and restricted cash	7,747	(32,537)	28,749
Cash, cash equivalents and restricted cash, beginning of period	74,841	107,378	78,629
Cash, cash equivalents and restricted cash, end of period	$ 82,588	$ 74,841	$ 107,378

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - Summary of Operations and Significant Accounting Policies

Nature of operations

Barrett Business Services, Inc. (“BBSI” or the “Company”), is a leading provider of business management solutions for small and mid-sized companies. The Company has developed a management platform that integrates a knowledge-based approach from the management consulting industry with tools from the human resource outsourcing industry. This platform, through the effective leveraging of human capital, helps our business owner clients run their businesses more effectively.

We believe this platform, delivered through our decentralized organizational structure, differentiates BBSI from our competitors. The Company supports clients with a local presence in 67 markets throughout the United States. Approximately 72%, 72% and 73%, respectively, of our revenue during 2024, 2023 and 2022 was attributable to our California operations. BBSI was incorporated in Maryland in 1965.

The Company operates a wholly owned, fully licensed captive insurance company, Associated Insurance Company for Excess ("AICE") and a wholly owned, fully licensed insurance company, Ecole. AICE and Ecole provide access to more competitive and cost-effective insurance markets and provide cost-effective risk management. See “Note 4 - Workers’ Compensation Claims” for additional information on the Company’s insurance programs.

Principles of consolidation

The accompanying financial statements are prepared on a consolidated basis. All intercompany account balances and transactions between BBSI, AICE, and Ecole have been eliminated in consolidation.

Common stock split

On June 4, 2024, we amended our Charter to increase the number of authorized shares of common stock from 20,500,000 shares to 82,000,000 shares, and our Board of Directors declared a four-for-one split of the Company’s common stock effected in the form of a stock dividend (the “2024 Stock Split”). Each stockholder of record at the close of business on June 14, 2024 received a dividend of three additional shares of common stock for each then-held share, distributed after close of trading on June 21, 2024. All share and per share amounts presented herein have been retroactively adjusted to reflect the impact of the 2024 Stock Split. The shares of common stock retain a par value of $0.01 per share. Accordingly, an amount equal to the par value of the increased shares resulting from the stock split was reclassified from additional paid-in capital to common stock.

Reportable segment

BBSI has one operating and reportable segment which provides business management solutions to small and mid-sized companies. The Company’s Chief Executive Officer is the chief operating decision maker (“CODM”). The CODM is provided financial information presented on a consolidated basis, including consolidated gross margin and consolidated net income, to assess the financial performance of the Company and to decide how to allocate resources, including by reinvesting profits into our single operating segment or pursuing other strategic initiatives, such as stock repurchases or acquisitions. The financial information presented to the CODM, including the expense categories, is consistent with the financial information contained in these consolidated financial statements.

The accounting policies of our reportable segment are the same as those of the consolidated entity.

BBSI derives revenue exclusively in the United States and all of the Company’s long-lived assets are located in the United States.

Revenue recognition

Professional employer ("PEO") services are normally used by organizations to satisfy ongoing needs related to the management of human capital and are governed by the terms of a client services agreement which covers all employees at a particular work site. Staffing revenues relate primarily to short-term staffing, contract staffing and on-site management services. The Company's performance obligations for PEO and staffing services are satisfied, and the related revenue is recognized, as services are rendered by our workforce.

Our PEO client service agreements have a minimum term of one year, are renewable on an annual basis and typically require 30 days' written notice to cancel or terminate the contract by either party. In addition, our client service agreements provide for immediate termination upon any payment default of the client regardless of when notice is given. PEO customers are invoiced following the end of each payroll processing cycle, with payment generally due on the invoice date. Staffing customers are generally invoiced weekly based on agreed rates per employee and actual hours worked, typically with payment terms of 30 days. The amount of earned but unbilled revenue is classified as a receivable on the consolidated balance sheets.

We report PEO revenues net of direct payroll costs because we are not the primary obligor for these payments to our clients' employees. Direct payroll costs include salaries, wages, health insurance, and employee out-of-pocket expenses incurred incidental to employment.

Cost of revenues

Our cost of revenues for PEO services includes employer payroll-related taxes, workers' compensation costs, and employee benefits costs. Our cost of revenues for staffing services includes direct payroll costs, employer payroll-related taxes, and workers' compensation costs. Direct payroll costs represent the gross payroll earned by staffing services employees based on salary or hourly wages. Payroll taxes consist of the employer's portion of Social Security and Medicare taxes and federal and state unemployment taxes. Benefit costs primarily comprise health insurance premiums paid to third-party carriers as part of our fully insured PEO benefits programs and underwriting and benefit consultant payroll. Workers' compensation costs consist primarily of premiums paid to third-party insurers, claims reserves, claims administration fees, legal fees, medical cost containment ("MCC") expense, state administrative agency fees, third-party broker commissions, risk manager payroll, as well as costs associated with operating our two wholly owned insurance companies, AICE and Ecole.

Cash and cash equivalents

We consider non-restricted short-term investments that are highly liquid, readily convertible into cash, and have maturities at acquisition of less than three months to be cash equivalents for purposes of the consolidated statements of cash flows and consolidated balance sheets. The Company maintains cash balances in bank accounts that normally exceed FDIC insured limits. The Company has not experienced any losses related to its cash concentration.

Investments

The Company classifies investments as available-for-sale. The Company's investments are reported at fair value with unrealized gains and losses, net of taxes, shown as a component of accumulated other comprehensive loss in stockholders' equity. Investments are recorded as current on the consolidated balance sheets as the invested funds are available for current operations. Management considers available evidence in evaluating potential impairment of investments, including the extent to which fair value is less than cost and adverse conditions related to the security. In the event of a credit loss, an allowance would be recognized to the extent that the fair value of the security is less than the present value of the expected future cash flows. Realized gains and losses on sales of investments are included in investment income, net in our consolidated statements of operations. Investment income, net in the consolidated statements of operations includes interest income of $10.9 million, $9.1 million, and $6.8 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Restricted cash and investments

The Company holds restricted cash and investments primarily for the future payment of insurance premiums and workers' compensation claims. These investments are categorized as available-for-sale. They are reported at fair value with unrealized gains and losses, net of taxes, shown as a component of accumulated other comprehensive loss in stockholders' equity. Restricted cash and investments are classified as current and noncurrent on the consolidated balance sheets based on the nature of the restriction. Management considers available evidence in evaluating potential impairment of restricted investments, including the extent to which fair value is less than cost and adverse conditions related to the security. In the event of a credit loss, an allowance would be recognized to the extent that the fair value of the security is less than the present value of the expected future cash flows. Realized gains and losses on sales of restricted investments are included in investment income in our consolidated statements of operations.

Restricted cash and investments also includes investments held as part of the Company's deferred compensation plan. These investments are classified as trading securities and are recorded at fair value with unrealized gains and losses reported as a component of income from operations.

Concentration of credit risk

Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash equivalents, investments, restricted cash and investments, and trade accounts receivable. We limit investment of cash equivalents and investments to financial institutions with high credit ratings. Credit risk on trade accounts is minimized as a result of the large and diverse nature of our customer base.

Trade accounts receivable

PEO customers are invoiced following the end of each payroll processing cycle with payment generally due on the invoice date and staffing customers are generally invoiced weekly with payment terms of 30 days. The balance in trade accounts receivable is comprised primarily of unbilled receivables of $218.8 million and $157.9 million at December 31, 2024 and 2023, respectively. The remaining balance of $16.6 million and $14.4 million in trade accounts receivable at December 31, 2024 and 2023, respectively, is primarily related to outstanding billings to PEO and staffing clients, offset by an allowance for expected credits losses of $0.9 million at December 31, 2024 and 2023, respectively.

Allowance for expected credit losses

The Company had an allowance for expected credit losses of $0.9 million at December 31, 2024 and 2023. We make estimates of the collectability of our accounts receivable for services provided to our customers based on future expected credit losses. Management analyzes historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customers' payment trends when evaluating the adequacy of the allowance for expected credit losses. If the financial condition of our customers deteriorates resulting in an impairment of their ability to make payments, additional allowances may be required.

Our allowance for expected credit losses activity is summarized as follows (in thousands):

	2024	2023	2022
Balance at January 1,			
Allowance for expected credit losses	$ 885	$ 893	$ 460
Charges to expense	72	98	462
Write-offs of uncollectible accounts, net of recoveries	(72)	(106)	(29)
Balance at December 31,			
Allowance for expected credit losses	$ 885	$ 885	$ 893

Income taxes

Our income taxes are accounted for using an asset and liability approach. This requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable tax rates. A valuation allowance is recorded against deferred tax assets if, based on the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The factors used to assess the likelihood of realization include the Company’s forecast of the reversal of temporary differences, future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the Company’s effective tax rate on future earnings.

The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The Company recognizes the tax benefit from uncertain tax positions if it is more likely than not that the tax positions will be sustained on examination by the tax authorities. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As facts and circumstances change, we reassess these probabilities and record any changes in the consolidated financial statements as appropriate. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

Goodwill and intangible assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for a business combination and the fair value of the net assets acquired. Goodwill is not amortized but is evaluated for impairment annually, or more frequently if circumstances indicate that it is more likely than not that the fair value of the operating segment is below its carrying value. The Company has one operating and reportable segment and evaluates the carrying value of goodwill annually at December 31. No impairment has been recognized in the periods presented.

Property, equipment and software

Property, equipment and software are stated at cost. Expenditures for maintenance and repairs are charged to selling, general and administrative expenses as incurred and expenditures for additions and improvements to property and equipment are capitalized. The cost of assets sold or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in the consolidated statements of operations.

We capitalize software development costs incurred during the application development stage, which is the stage when preliminary project planning ends and software development begins. Capitalized costs generally include both internal and external costs associated with coding and testing. Capitalized costs are amortized on a straight-line basis over the estimated useful life, commencing when the software is placed into service. Costs incurred during the preliminary project stage and the post-implementation stage, as well as general and administrative and overhead costs, are expensed as they are incurred.

Depreciation of property and equipment and amortization of software is calculated using the straight-line method over estimated useful lives of the related assets or lease terms, as follows:

	Years
Buildings	39
Equipment, furniture and fixtures	7 - 15
Computer hardware, software and software development costs	3 - 10
Leasehold improvements	1 - 7

Impairment of long-lived assets

Long-lived assets, such as property, equipment and software and acquired intangibles subject to amortization, are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the remaining estimated useful life may warrant revision or that the carrying amount of an asset may not be recoverable. Some of the events or changes in circumstances that would trigger an impairment review include, but are not limited to, significant under-performance relative to expected and/or historical results, significant negative industry or economic trends, or knowledge of transactions involving the sale of similar property at amounts below the carrying value.

Assets are grouped for measurement of impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. If the carrying amount of an asset group exceeds the estimated undiscounted future cash flows expected to be generated by the asset group, then an impairment charge is recognized to the extent the carrying amount exceeds the asset group's fair value. In determining fair value, management considers current results, trends, future prospects, and other economic factors.

Leases

The Company leases office facilities and equipment under operating leases. We determine whether an arrangement is or contains a lease at inception. For all leases with a term greater than 12 months, we record our operating lease liabilities and right-of-use (ROU) assets at the lease commencement date. Operating lease liabilities are based on the present value of future minimum lease payments over the lease term, and include options to renew a lease in the future minimum lease payments if it is reasonably certain that the Company will exercise that option. ROU assets are based on the lease liability, adjusted for any lease prepayments and lease incentives. If a lease does not provide an implicit interest rate, we use our incremental borrowing rate on a collateralized basis from the information available at commencement date in determining the present value of lease payments. We recognize expense for lease payments on a straight-line basis over the lease term for operating leases. Leases with initial terms of 12 months or less are considered short-term lease costs and are not recorded as ROU assets on the consolidated balance sheets. ROU assets are reviewed for impairment in the same manner as long-lived assets. No impairment has been recorded in the periods presented.

The Company has elected the practical expedient not to separate non-lease components from lease components for all classes of assets. Our lease agreements generally do not contain material variable lease payments or restrictive covenants.

Workers' compensation claims liabilities

Our workers' compensation claims liabilities do not represent an exact calculation of liability but rather management's best estimate of future obligation amounts under workers' compensation programs where the Company retains risk. These estimates utilize actuarial expertise and projection techniques, at a given reporting date, and are based on an evaluation of information provided by our third-party administrator for workers' compensation claims, coupled with an actuarial estimate of future loss development with respect to reported claims and incurred but not reported claims (together, "IBNR"). Workers' compensation claims liabilities include case reserve estimates for reported losses, plus additional amounts for estimated IBNR claims, MCC and legal costs, unallocated loss adjustment expenses and estimated future recoveries. The estimate of incurred costs expected to be paid within one year is included in current liabilities, while the estimate of incurred costs expected to be paid beyond one year is included in long-term liabilities on our consolidated balance sheets. These estimates are reviewed at least quarterly and adjustments to estimated liabilities are reflected in current operating results as they become known.

The process of arriving at an estimate of unpaid claims and claims adjustment expense involves a high degree of judgment and is affected by both internal and external events, including changes in claims handling practices, changes in reserve estimation procedures, inflation, trends in the litigation and settlement of pending claims, and legislative changes.

Our estimates are based on actuarial analysis and informed judgment, derived from individual experience and expertise applied to multiple sets of data and analyses. We consider significant facts and circumstances known both at the time that loss reserves are initially established and as new facts and circumstances become known. Due to the inherent uncertainty underlying loss reserve estimates, the expenses incurred through final resolution of our liability for our workers' compensation claims will likely vary from the related loss reserves at the reporting date. Therefore, as specific claims are paid out in the future, actual paid losses may be materially different from our current loss reserves.

A basic premise in most actuarial analyses is that historical data and past patterns demonstrated in the incurred and paid historical data form a reasonable basis upon which to project future outcomes, absent a material change. Significant structural changes to the available data can materially impact the reserve estimation process. To the extent a material change affecting the ultimate claim liability becomes known, such change is quantified to the extent possible through an analysis of internal Company data and, if available and when appropriate, external data. Nonetheless, actuaries exercise a considerable degree of judgment in the evaluation of these factors and the need for such actuarial judgment is more pronounced when faced with material uncertainties.

Customer deposits

We require deposits from certain PEO customers to cover a portion of our accounts receivable due from such customers in the event of default of payment.

Comprehensive income

Comprehensive income includes all changes in equity during a period except those that resulted from investments by or distributions to the Company's stockholders.

Other comprehensive income refers to revenues, expenses, gains and losses that under U.S. generally accepted accounting principles ("GAAP") are included in comprehensive income, but excluded from net income as these amounts are recorded directly as an adjustment to stockholders' equity. Our other comprehensive income comprises unrealized holding gains and losses on our available-for-sale investments.

Statements of cash flows

Interest paid in 2024, 2023 and 2022 did not materially differ from interest expense. Income taxes paid by the Company totaled $14.9 million, $22.2 million, and $21.0 million in 2024, 2023 and 2022, respectively.

Bank deposits and other cash equivalents that are restricted for use are classified as restricted cash. The table below reconciles the cash, cash equivalents and restricted cash balances from our consolidated balance sheets to the amounts reported on the consolidated statements of cash flows (in thousands):

	December 31, 2024	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 55,367	$ 71,168	$ 91,423
Restricted cash, included in restricted cash and investments	27,221	3,673	15,955
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$ 82,588	$ 74,841	$ 107,378

Basic and diluted earnings per share

Basic earnings per share are computed based on the weighted average number of common shares outstanding for each year using the treasury method. Diluted earnings per share reflect the potential effects of the issuance of shares in connection with the exercise of outstanding stock options, vesting of outstanding restricted stock units and performance share units, and the Company’s employee stock purchase plan. Basic and diluted shares outstanding are summarized as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Weighted average number of basic shares outstanding	26,076	26,921	28,521
Effect of dilutive securities	632	473	384
Weighted average number of diluted shares outstanding	26,708	27,394	28,905

Accounting estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates are used for fair value measurement of investments, allowance for expected credit losses, deferred income taxes, carrying values for goodwill and property, equipment and software, and accrued workers' compensation liabilities. Actual results may or may not differ from such estimates.

Reclassifications

To conform to the current period’s presentation, the prior period balance of accrued payroll, payroll taxes and related benefits on the consolidated balance sheets of $234.1 million was disaggregated into accrued payroll and related benefits of $160.9 million and payroll taxes payable of $73.2 million. In the consolidated statements of cash flows, the 2023 amount of net cash inflows from accrued payroll, payroll taxes and related benefits of $12.7 million was disaggregated into net cash inflows from accrued payroll and related benefits of $5.7 million and net cash inflows from payroll taxes payable of $7.0 million. For 2022, net cash inflows from accrued payroll, payroll taxes and related benefits of $24.9 million was disaggregated into net cash inflows from accrued payroll and related benefits of $12.2 million and net cash inflows from payroll taxes payable of $12.7 million.

To conform to the current period’s presentation, safety incentives liability of $1.3 million was reclassified to other accrued liabilities in the prior period consolidated balance sheets, and net cash outflows from safety incentives liability of $0.8 million and $2.3 million were reclassified to other accrued liabilities in the prior period consolidated statements of cash flows for the years ended December 31, 2023 and 2022, respectively.

All share and per share amounts presented herein have been retroactively adjusted to reflect the impact of the 2024 Stock Split. To conform to the current period’s presentation, additional paid-in-capital of approximately $0.2 million was reclassified to common stock in the prior period consolidated balance sheets and prior periods' consolidated statements of stockholders' equity.

Recent accounting pronouncements

The following Accounting Standards Updates (ASUs) have been recently issued by the Financial Accounting Standards Board (FASB).

ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*

In November 2023, the FASB issued ASU 2023-07, which expands annual and interim reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We have adopted this ASU on a retrospective basis for the annual reporting period of our fiscal year beginning January 1, 2024 with no material effects on the Company's financial condition, results of operations, or cash flows.

ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*

In December 2023, the FASB issued ASU 2023-09, which requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The ASU applies to all entities subject to income taxes. The new requirements will be effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. We plan to adopt this ASU for the annual reporting period of our fiscal year beginning January 1, 2025. We are evaluating the impact of applying this new accounting guidance to our income tax disclosures but do not expect the adoption of this ASU to have any material effects on the Company's financial condition, results of operations, or cash flows.

ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("DISE")*

In November 2024, the FASB issued ASU 2024-03, which requires disclosure of specified information about certain costs and expenses in the notes to interim and annual financial statements. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this ASU should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. We are evaluating the impact of this new accounting standard but do not expect the adoption of this ASU to have any material effects on the Company's financial condition, results of operations, or cash flows.

Note 2 - Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All of our financial instruments are recognized in our consolidated balance sheets. Carrying values approximate fair value of most financial assets and liabilities. Investments and restricted cash and investments are recorded at market value. The interest rates on our investments approximate current market rates for these types of investments.

In determining the fair value of our financial assets, the Company predominantly uses the market approach. In determining the fair value of all its corporate bonds, mortgage-backed securities, U.S. treasuries, U.S. government agency securities, mutual funds, money market funds, asset-backed securities, and emerging markets, the Company utilizes non-binding quotes provided by our investment brokers.

Factors used in determining the fair value of our financial assets and liabilities are summarized into three levels as established in the fair value hierarchy framework. The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In determining the fair value measurement of our financial assets, the fair value measurement level within the hierarchy is based on the lowest level input and is applied to each financial asset. Valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes the Company's investments at December 31, 2024 and 2023 measured at fair value on a recurring basis (in thousands):

	December 31, 2024				December 31, 2023			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Recorded Basis	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Recorded Basis
Current:								
Cash equivalents:								
Money market funds	$ 26,661	$ —	$ —	$ 26,661	$ 19,539	$ —	$ —	$ 19,539
Total cash equivalents	26,661	—	—	26,661	19,539	—	—	19,539
Investments:								
Corporate bonds	27,954	3	(2,365)	25,592	34,472	2	(3,161)	31,313
U.S. government agency securities	12,734	—	(203)	12,531	12,830	—	(408)	12,422
U.S. treasuries	12,460	—	(1,140)	11,320	12,448	—	(1,253)	11,195
Mortgage-backed securities	12,128	—	(2,592)	9,536	13,084	—	(2,454)	10,630
Asset-backed securities	7,610	12	(109)	7,513	13,659	4	(191)	13,472
Emerging markets	—	—	—	—	2,003	—	(8)	1,995
Total current investments	72,886	15	(6,409)	66,492	88,496	6	(7,475)	81,027
Restricted cash and investments [1]:								
Corporate bonds	100,030	16	(7,302)	92,744	82,481	19	(8,473)	74,027
U.S. treasuries	54,900	—	(6,348)	48,552	109,020	21	(6,436)	102,605
Mortgage-backed securities	40,858	10	(5,674)	35,194	42,077	2	(5,218)	36,861
U.S. government agency securities	16,785	—	(914)	15,871	16,863	—	(1,199)	15,664
Mutual funds	10,961	—	—	10,961	8,941	—	—	8,941
Asset-backed securities	1,666	6	(1)	1,671	799	1	(1)	799
Money market funds	216	—	—	216	337	—	—	337
Emerging markets	200	1	—	201	200	2	—	202
Total restricted cash and investments	225,616	33	(20,239)	205,410	260,718	45	(21,327)	239,436
Total investments	$ 325,163	$ 48	$ (26,648)	$ 298,563	$ 368,753	$ 51	$ (28,802)	$ 340,002

[1] Included in restricted cash and investments within the consolidated balance sheets as of December 31, 2024 and 2023 is restricted cash of $26.7 million and $3.6 million, respectively, which is excluded from the table above. Restricted cash and investments are classified as current and noncurrent on the balance sheet based on the nature of the restriction.

The following table summarizes the Company's investments at December 31, 2024 and 2023 measured at fair value on a recurring basis by fair value hierarchy level (in thousands):

	December 31, 2024					December 31, 2023				
	Total Recorded Basis	Level 1	Level 2	Level 3	Other [1]	Total Recorded Basis	Level 1	Level 2	Level 3	Other [1]
Cash equivalents:										
Money market funds	$ 26,661	$ —	$ —	$ —	$ 26,661	$ 19,539	$ —	$ —	$ —	$ 19,539
Investments:										
Corporate bonds	25,592	—	25,592	—	—	31,313	—	31,313	—	—
U.S. government agency securities	12,531	—	12,531	—	—	12,422	—	12,422	—	—
U.S. treasuries	11,320	—	11,320	—	—	11,195	—	11,195	—	—
Mortgage-backed securities	9,536	—	9,536	—	—	10,630	—	10,630	—	—
Asset-backed securities	7,513	—	7,513	—	—	13,472	—	13,472	—	—
Emerging markets	—	—	—	—	—	1,995	—	1,995	—	—
Restricted cash and investments:										
Corporate bonds	92,744	—	92,744	—	—	74,027	—	74,027	—	—
U.S. treasuries	48,552	—	48,552	—	—	102,605	—	102,605	—	—
Mortgage-backed securities	35,194	—	35,194	—	—	36,861	—	36,861	—	—
U.S. government agency securities	15,871	—	15,871	—	—	15,664	—	15,664	—	—
Mutual funds	10,961	10,961	—	—	—	8,941	8,941	—	—	—
Asset-backed securities	1,671	—	1,671	—	—	799	—	799	—	—
Money market funds	216	—	—	—	216	337	—	—	—	337
Emerging markets	201	—	201	—	—	202	—	202	—	—
Total investments	$ 298,563	$ 10,961	$ 260,725	$ —	$ 26,877	$ 340,002	$ 8,941	$ 311,185	$ —	$ 19,876

[1] Investments in money market funds measured at fair value using the net asset value per share practical expedient are not subject to hierarchy level classification disclosure. The Company invests in money market funds that seek to maintain a stable net asset value. These investments include commingled funds that comprise high-quality short-term securities representing liquid debt and monetary instruments where the redemption value is likely to be the fair value. Redemption is permitted daily without written notice.

The following table summarizes the contractual maturities of the Company's available for sale securities at December 31, 2024 and 2023. Actual maturities may differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties. The table also includes money market funds, which are classified as cash and cash equivalents on the Company's consolidated balance sheets.

	December 31, 2024				
(In thousands)	Less than 1 Year	Between 1 to 5 Years	Between 5 to 10 Years	After 10 Years	Total
Corporate bonds	$ 18,815	$ 76,574	$ 22,947	$ —	$ 118,336
U.S. treasuries	497	42,333	17,042	—	59,872
U.S. government agency securities	8,014	19,333	1,055	—	28,402
Money market funds	26,877	—	—	—	26,877
Asset-backed securities	—	1,228	6,654	1,302	9,184
Emerging markets	—	—	201	—	201
Total	$ 54,203	$ 139,468	$ 47,899	$ 1,302	$ 242,872

	December 31, 2023				
(In thousands)	Less than 1 Year	Between 1 to 5 Years	Between 5 to 10 Years	After 10 Years	Total
U.S. treasuries	$ 55,955	$ 32,706	$ 25,139	$ —	$ 113,800
Corporate bonds	6,859	67,731	30,574	176	105,340
U.S. government agency securities	39	27,018	1,029	—	28,086
Money market funds	19,876	—	—	—	19,876
Asset-backed securities	—	799	12,182	1,290	14,271
Emerging markets	1,995	—	202	—	2,197
Total	$ 84,724	$ 128,254	$ 69,126	$ 1,466	$ 283,570

The average contractual maturity of mortgage-backed securities, which are excluded from the table above, was 21 years and 23 years as of December 31, 2024 and 2023, respectively.

The fair values and gross unrealized losses of the Company's available for sale securities that were in an unrealized loss position as of December 31, 2024 and 2023, aggregated by investment category and length of time that individual securities have been in a continuous loss position, were as follows (in thousands):

	December 31, 2024					
	Less than 12 months		12 months or longer		Total	
	Recorded Basis	Gross Unrealized Losses	Recorded Basis	Gross Unrealized Losses	Recorded Basis	Gross Unrealized Losses
Investments:						
Corporate bonds	$ 20	$ —	$ 25,377	$ (2,365)	$ 25,397	$ (2,365)
U.S. government agency securities	—	—	12,531	(203)	12,531	(203)
U.S. treasuries	—	—	11,320	(1,140)	11,320	(1,140)
Mortgage-backed securities	—	—	9,536	(2,592)	9,536	(2,592)
Asset-backed securities	—	—	1,301	(109)	1,301	(109)
Total investments	20	—	60,065	(6,409)	60,085	(6,409)
Restricted investments:						
Corporate bonds	11,142	(15)	71,716	(7,287)	82,858	(7,302)
U.S. treasuries	1,399	(29)	46,656	(6,319)	48,055	(6,348)
Mortgage-backed securities	3,360	(37)	29,877	(5,637)	33,237	(5,674)
U.S. government agency securities	—	—	15,871	(914)	15,871	(914)
Asset-backed securities	443	(1)	—	—	443	(1)
Total restricted investments	16,344	(82)	164,120	(20,157)	180,464	(20,239)
Total investments and restricted investments	$ 16,364	$ (82)	$ 224,185	$ (26,566)	$ 240,549	$ (26,648)

	December 31, 2023					
	Less than 12 months		12 months or longer		Total	
	Recorded Basis	Gross Unrealized Losses	Recorded Basis	Gross Unrealized Losses	Recorded Basis	Gross Unrealized Losses
Investments:						
Corporate bonds	$ —	$ —	$ 31,122	$ (3,161)	$ 31,122	$ (3,161)
U.S. government agency securities	562	(20)	11,859	(388)	12,421	(408)
U.S. treasuries	—	—	11,195	(1,253)	11,195	(1,253)
Mortgage-backed securities	—	—	10,629	(2,454)	10,629	(2,454)
Asset-backed securities	—	—	5,268	(191)	5,268	(191)
Emerging Markets	—	—	1,995	(8)	1,995	(8)
Total investments	562	(20)	72,068	(7,455)	72,630	(7,475)
Restricted investments:						
Corporate bonds	176	(1)	72,439	(8,472)	72,615	(8,473)
U.S. treasuries	994	(1)	47,046	(6,435)	48,040	(6,436)
Mortgage-backed securities	1,235	(5)	35,383	(5,213)	36,618	(5,218)
U.S. government agency securities	3,287	(171)	12,377	(1,028)	15,664	(1,199)
Asset-backed securities	300	(1)	—	—	300	(1)
Total restricted investments	5,992	(179)	167,245	(21,148)	173,237	(21,327)
Total investments and restricted investments	$ 6,554	$ (199)	$ 239,313	$ (28,603)	$ 245,867	$ (28,802)

We have determined that the gross unrealized losses on our investments as of December 31, 2024 and 2023 were temporary in nature. The decline in fair value was due to changes in market interest rates, rather than credit losses.

Note 3 - Property, Equipment and Software

Property, equipment and software consists of the following (in thousands):

	December 31, 2024	December 31, 2023
Buildings	$ 17,929	$ 18,449
Equipment, furniture and fixtures	24,244	24,093
Computer hardware and software	6,233	6,109
Software development costs	47,025	34,620
	95,431	83,271
Less accumulated depreciation and amortization	(40,140)	(34,466)
	55,291	48,805
Land	1,490	1,490
Total Property, Equipment and Software	$ 56,781	$ 50,295

We recognized $3.7 million, $3.6 million and $3.4 million in depreciation expense associated with our property and equipment in 2024, 2023 and 2022, respectively. We recognized $3.9 million, $3.5 million, and $2.8 million in amortization of capitalized software development costs in 2024, 2023 and 2022, respectively. We capitalized $12.4 million, $6.0 million and $5.3 million of software development costs in 2024, 2023 and 2022, respectively.

Note 4 - Workers' Compensation Claims

The following table summarizes the aggregate workers' compensation reserve activity (in thousands):

	Years Ended December 31, 2024	2023	2022
Beginning balance			
Workers' compensation claims liabilities	$ 167,763	$ 215,987	$ 279,407
Add: claims expense accrual			
Current period	12,188	16,731	19,146
Prior periods	(11,524)	(12,147)	(11,337)
Total claims expense incurred	664	4,584	7,809
Less: claim payments related to			
Current period	5,006	3,260	4,450
Prior periods	35,008	52,570	67,581
Total claim payments	40,014	55,830	72,031
Change in claims incurred in excess of retention limits	33	3,022	802
Ending balance			
Workers' compensation claims liabilities	$ 128,446	$ 167,763	$ 215,987

Insured program

The Company provides workers' compensation coverage for client employees primarily through arrangements with fully licensed, third-party insurers (the "insured program"). Under this program, carriers issue policies or afford coverage to the Company's clients under a program maintained by the Company. Approximately 85% of the Company's workers' compensation exposure is covered through the insured program.

Effective July 1, 2021, the Company entered into a fully insured arrangement for its insured program, whereby third-party insurers assume substantially all risk of loss for claims incurred under the program. This fully insured arrangement has been extended annually and covers claims incurred between July 1, 2021 and June 30, 2025, with an option to renew through June 30, 2026.

Each annual fully insured policy allows BBSI to participate in savings if claims develop favorably up to a maximum per policy year ranging from $20.5 million to $28.5 million, depending on the policy period. For only the policy period from July 1, 2021 to June 30 2022, BBSI can also incur additional premium up to $7.5 million if claims develop adversely. No additional premium can be charged based on claim performance for other policy years.

Premiums incurred but not paid are recorded as either current or long-term premium payable on the consolidated balance sheets based on the expected timing of the payments.

For claims incurred under the insured program prior to July 1, 2021, the Company retains risk of loss up to the first $3.0 million per occurrence on policies issued after June 30, 2020 and $5.0 million per occurrence on policies issued before that date.

Claim obligations for policies issued under the insured program between February 1, 2014 and June 30, 2018 were removed through loss portfolio transfers in 2020 and 2021.

The following is a summary of the risk retained by the Company under its insured program after considering the effects of the loss portfolio transfers and current insurance arrangements:

Year	Claims risk retained
2014	No
2015	No
2016	No
2017	No
2018 [1]	No
2019 [1]	Yes
2020	Yes
2021 - Through June 30	Yes
2021 - July 1 and after	No
2022	No
2023	No
2024	No

[1] The loss portfolio transfers excluded approximately 10% of claims from 2018 and included an approximately offsetting amount of claims from 2019.

The Company is required to maintain minimum collateral levels for certain policies issued under the insured program, which is held in a trust account (the “trust account”). The balance in the trust account was $197.1 million and $210.9 million at December 31, 2024 and December 31, 2023, respectively. The trust account balance is included as a component of the current and long-term restricted cash and investments in the Company’s consolidated balance sheets.

Self-insured programs

The Company is a self-insured employer with respect to workers' compensation coverage for all employees, including employees of PEO clients that elect to participate in our workers’ compensation program, working in Colorado, Maryland, Ohio, and Oregon. In the state of Washington, state law allows only the Company's staffing services and internal management employees to be covered under the Company's self-insured workers' compensation program. The Company also operates a wholly owned, fully licensed insurance company, Ecole, which provides workers’ compensation coverage to client employees working in Arizona and Utah. Approximately 15% of the Company’s workers’ compensation exposure is covered through self-insurance or Ecole (the “self-insured programs”).

For all claims incurred under the Company’s self-insured programs, the Company retains risk of loss up to the first $3.0 million per occurrence, except in Maryland and Colorado, where the Company’s retention per occurrence is $1.0 million and $2.0 million, respectively. For claims incurred under the Company’s self-insured programs prior to July 1, 2020, the Company retains risk of loss up to the first $5.0 million per occurrence, except in Maryland and Colorado, where the retention per occurrence is $1.0 million and $2.0 million, respectively.

The states of Maryland, California, Oregon, Colorado, Washington, and Delaware required the Company to maintain collateral totaling $55.9 million and $48.1 million at December 31, 2024 and 2023, respectively, to cover potential workers' compensation claims losses related to the Company's current and former status as a self-insured employer. At December 31, 2024, the Company provided surety bonds totaling $55.9 million.

Claims liabilities

The Company provided a total of $128.4 million and $167.8 million at December 31, 2024 and 2023, respectively, as an estimated future liability for unsettled workers' compensation claims liabilities. Of this amount, $6.0 million on December 31, 2024 and 2023, represent case reserves and IBNR in excess of the Company's retention. The accrual for costs incurred in excess of retention is offset by a receivable from insurance carriers of $6.0 million at December 31, 2024 and 2023, included in other assets in the consolidated balance sheets.

Note 5 - Revolving Credit Facility and Long-Term Debt

The Company maintains an agreement (the "Agreement") with Wells Fargo Bank, N.A. (the "Bank") for a revolving credit line of $50.0 million and a sublimit for standby letters of credit of $25.0 million. Advances under the revolving credit line bear interest, as selected by the Company, of (a) the daily Simple Secured Overnight Financing Rate ("SOFR") plus 1.75% or (b) one-month Term SOFR plus 1.75%. The Agreement also provides for an unused commitment fee of 0.35% per year on the average daily unused amount of the revolving credit line, as well as a fee of 1.75% of the face amount of each letter of credit reserved under the line of credit. The Company had no outstanding borrowings on its revolving credit line at December 31, 2024 and 2023. The credit facility is collateralized by the Company's accounts receivable and other rights to receive payment. The revolving credit facility will mature on July 1, 2026, unless extended.

The Agreement requires the satisfaction of certain financial covenants as follows:

- adjusted free cash flow [net profit after taxes plus interest expense (net of capitalized interest), depreciation, expense and amortization expense, less dividends/distributions] not less than $10 million as of each fiscal quarter end, determined on a rolling 4-quarter basis; and
- tangible net worth [aggregate of total stockholders' equity plus subordinated debt less any intangible assets and less any loans or advances to, or investments in, any related entities or individuals] not less than $50 million at each fiscal quarter end.

The Agreement imposes certain additional restrictions unless the Bank provides its prior written consent as follows:

- incurring additional indebtedness is prohibited, other than purchase financing for the acquisition of assets, provided that the aggregate of all purchase financing does not exceed $1 million at any time;
- the Company may not terminate or cancel any of the AICE policies; and
- if an event of default occurs, and is continuing, including on a pro forma basis, no dividends or distributions would be permitted to be paid and redemptions and repurchases of the Company's stock would be permitted only up to $15 million in any rolling 12-month period.

The Agreement also contains customary events of default and specified cross-defaults under the Company's workers' compensation insurance arrangements. If an event of default under the Agreement occurs and is continuing, the Bank may declare any outstanding obligations under the Agreement to be immediately due and payable. At December 31, 2024, the Company was in compliance with all covenants.

Note 6 - Benefit Plans

We have a 401(k) Retirement Savings Plan for the benefit of our eligible employees. Employees covered under a PEO arrangement may participate in the plan at the sole discretion of the PEO client. We make matching contributions to the 401(k) plan under a safe harbor provision. The determination of any discretionary Company contributions to the plan is at the sole discretion of our Board of Directors. No discretionary Company contributions were made to the plan for the years ended December 31, 2024, 2023 and 2022. We made matching contributions of $2.6 million, $2.4 million and $2.1 million in 2024, 2023 and 2022, respectively.

The Company allows certain highly compensated employees of the Company to defer compensation under a nonqualified deferred compensation plan. The long-term portion of the deferred compensation plan liability was $9.5 million and $7.9 million at December 31, 2024 and 2023, respectively, and is recorded in customer deposits and other long-term liabilities on the consolidated balance sheets. The current portion of the deferred compensation plan liability was $1.5 million and $1.1 million at December 31, 2024 and 2023, respectively, and is recorded in other accrued liabilities on the consolidated balance sheets. The fair value of the long-term asset portion of this plan was $9.5 million and $7.9 million at December 31, 2024 and 2023, respectively, and is recorded in noncurrent restricted cash and investments on the consolidated balance sheets. The fair value of the current asset portion of this plan was $1.5 million and $1.1 million at December 31, 2024 and 2023, respectively, and is recorded in current restricted cash and investments on the consolidated balance sheets.

Note 7 - Leases

The Company primarily leases office buildings under operating leases which are included in Operating lease right-of-use (“ROU”) assets, Current operating lease liabilities, and Long-term operating lease liabilities on the consolidated balance sheets. The Company’s leases have remaining terms of 1 to 7 years.

Information related to the Company's total lease costs was as follows (in thousands):

	Year Ended	
	December 31, 2024	December 31, 2023
Operating lease cost	$ 7,556	$ 7,894
Variable lease cost	1,314	1,229
Short-term lease cost	662	208
Total lease cost	$ 9,532	$ 9,331

Information related to the Company's ROU assets and related lease liabilities was as follows (in thousands):

	Year Ended	
	December 31, 2024	December 31, 2023
Cash paid for operating lease liabilities	$ 7,745	$ 7,933
Right-of-use assets obtained in exchange for new operating lease obligations	6,913	7,270

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term	3.7 years	3.8 years
Weighted-average discount rate	5.1 %	4.7 %

The table below reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancellable operating leases with terms of more than one year to the total operating lease liabilities recognized on the consolidated balance sheets as of December 31, 2024 (in thousands):

2025	$	7,131
2026		6,249
2027		5,036
2028		3,477
2029		1,352
Thereafter		368
Total undiscounted future minimum lease payments		23,613
Less: Difference between undiscounted lease payments and discounted operating lease liabilities		2,166
Total operating lease liabilities	$	21,447
Current operating lease liabilities	$	6,231
Long-term operating lease liabilities		15,215
Total operating lease liabilities	$	21,447

The Company has additional operating leases of $7.1 million that have not commenced as of December 31, 2024, and as such, have not been recognized in the Company’s Consolidated Balance Sheets. These operating leases are expected to commence in 2025 with lease terms of 5 to 7 years.

Note 8 - Income Taxes

The provision for income taxes is as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	$ 15,070	$ 11,896	$ 14,683
State	3,613	1,854	5,529
Total current provision for income taxes	18,683	13,750	20,212
Deferred:			
Federal	(535)	2,784	(1,096)
State	(319)	1,842	(1,081)
Total deferred provision for income taxes	(854)	4,626	(2,177)
Total provision for income taxes	$ 17,829	$ 18,376	$ 18,035

Deferred income tax assets and liabilities consist of the following components (in thousands):

	December 31,	
	2024	2023
Deferred income tax assets:		
Deferred compensation	$ 7,392	$ 6,149
Tax effect of unrealized losses, net	7,374	7,969
Operating lease liability	5,850	5,813
Workers' compensation claims liabilities	5,423	6,709
Other	1,164	579
Equity based compensation	857	907
Total deferred income tax assets	28,060	28,126
Less: valuation allowance	340	65
Net deferred income tax assets	27,720	28,061
Deferred income tax liabilities:		
Tax depreciation in excess of book depreciation	(10,230)	(9,180)
Amortization of software and intangibles	(7,467)	(8,441)
Operating lease right-of-use	(5,545)	(5,452)
Other	(1)	(770)
Total deferred income tax liabilities	(23,243)	(23,843)
Net deferred income taxes	$ 4,477	$ 4,218

The effective tax rate differed from the U.S. statutory federal tax rate due to the following:

	Year Ended December 31,		
	2024	2023	2022
Statutory federal tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	3.6	4.3	5.4
Nondeductible expenses and other, net	1.0	1.7	1.5
Adjustment for final positions on filed returns	0.5	(0.5)	0.2
Other, net	(0.1)	0.2	—
Federal and state tax credits	(0.8)	(0.1)	(0.5)
Effective tax rate	25.2 %	26.6 %	27.6 %

Under ASC 740, “Income Taxes,” management evaluates the realizability of the deferred tax assets on a quarterly basis under a “more-likely-than-not” standard. As part of this evaluation, management reviews all evidence both positive and negative to determine if a valuation allowance is needed. One component of this analysis is to determine whether the Company was in a cumulative loss position for the most recent 12 quarters. The Company was in a cumulative income position for the 12 quarters ended at both December 31, 2024 and December 31, 2023.

The Company’s realization of a portion of net deferred tax assets is based in part on our estimates of the timing of reversals of certain temporary differences and on the generation of taxable income before such reversals.

The Company is subject to income taxes in U.S. federal and multiple state and local tax jurisdictions. The Internal Revenue Service (the "IRS") is examining the Company’s federal tax returns for the years ended December 31, 2017 through 2021. BBSI received notices that the IRS intends to disallow certain wage-based tax credits claimed for the years 2017 through 2021, which could result in estimated total additional taxes of $8.0 million and penalties of $1.9 million plus related interest. The Company disagrees with the IRS determination to disallow certain wage-based credits taken by the Company and has filed U.S. Tax Court petitions challenging these notices. We believe that the Company has the technical merits to defend its position. Based on management’s more-likely-than-not assessment that the Company’s position is sustainable, no reserve for the aforementioned IRS notices of disallowance of wage-based tax credits or underpayment penalties has been recorded in the financial statements.

In the major jurisdictions where it operates, the Company is generally no longer subject to income tax examinations by tax authorities for tax years before 2017. As of December 31, 2024, total gross unrecognized tax benefits, excluding interest and penalties, of $0.5 million would affect the Company's effective tax rate if recognized in future periods. The Company does not anticipate any material changes to the reserve in the next 12 months. The Company had unrecognized tax benefit of $0.8 million and $0.6 million as of December 31, 2023 and December 31, 2022, respectively.

A portion of the consolidated income the Company generates is not subject to state income tax. Depending on the percentage of this income as compared to total consolidated income, the Company's state effective tax rate could fluctuate from expectations.

At December 31, 2024, the Company had no state operating loss carryforwards. At December 31, 2024, the Company did not have a federal general business tax credit carryforward or an alternative minimum tax credit carryforward.

Note 9 - Stock Incentive Plans

The Company's 2020 Stock Incentive Plan (the "2020 Plan"), which provides for share-based awards to Company employees, non-employee directors and outside consultants or advisors, was approved by stockholders on May 27, 2020, and amended with stockholder approval on June 5, 2023, to increase the number of shares available for issuance under the 2020 Plan from 375,000 to 725,000. On June 3, 2024, the Company's stockholders approved an amendment of the Company's Amended and Restated Charter to increase the number of authorized shares of Common Stock of the Company from 20,500,000 to 82,000,000 (the "Charter Amendment"). The Company's Board of Directors proposed the Charter Amendment in part to permit a four-for-one split of the Company's common stock. As such, the number of shares available for issuance under the 2020 Plan increased from 725,000 to 2,900,000. The number of shares available for grants of awards at December 31, 2024 was 862,526.

Share-based compensation expense included in selling, general and administrative expenses during the years ended December 31, 2024, 2023 and 2022, was $8.8 million, $8.5 million and $7.4 million, respectively. Related income tax benefits for the years ended December 31, 2024, 2023 and 2022, were $2.2 million, $1.6 million and $1.2 million, respectively.

Stock Options

Outstanding stock options generally vest over four or eight years and expire up to ten years after the date of grant.

A summary of the status of the Company’s stock options at December 31, 2024, together with changes during the periods then ended, is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at December 31, 2023	400,000	$ 17.89	—	—
Options granted at market price	34,500	43.78	—	—
Options exercised	(20,500)	6.73	—	—
Outstanding at December 31, 2024	414,000	20.60	3.09	9,474
Exercisable at December 31, 2024	219,500	$ 17.00	2.54	$ 5,803

The fair value of stock option awards as determined under the Black-Scholes option-pricing model was estimated with the following weighted-average assumptions:

	2024
Expected volatility	24.4 %
Risk free interest rate	4.2 %
Expected dividend yield	0.7 %
Expected term (years)	5.0
Weighted average fair value per share	$ 12.16

The weighted average fair value of stock options granted for the year ended December 31, 2024 was $12.16. There were no stock options granted with an exercise price below market price during 2024. No stock options were granted during 2023 or 2022.

The intrinsic value of stock options exercised for the years ended December 31, 2024, 2023 and 2022 was $0.6 million, $0.1 million, and $0.2 million, respectively. The fair value of stock options vested for the years ended December 31, 2024 and December 31, 2022 was $728,000. No stock options vested during the years ended December 31, 2023. As of December 31, 2024, unrecognized compensation expense related to stock options was $1.3 million with a weighted average remaining amortization period of 2.1 years.

Restricted Stock Units

Restricted stock units generally vest in four equal annual installments beginning one year following the date of grant, other than restricted stock units granted to nonemployee directors since 2019, which vest one year following the date of grant.

The following table presents restricted stock unit activity:

	Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2023	877,112	$ 19.14
Granted	266,812	31.84
Vested	(348,524)	17.94
Cancelled/Forfeited	(34,543)	20.11
Nonvested at December 31, 2024	760,857	$ 24.10

The total fair value of restricted stock units vested during the years ended December 31, 2024, 2023 and 2022 was $6.3 million, $5.1 million and $4.5 million, respectively. As of December 31, 2024, unrecognized compensation expense related to restricted stock units was $14.0 million with a weighted average remaining amortization period of 2.8 years.

Performance Share Units

Performance share units (“PSUs”) are granted to key employees of the Company and are conditioned on attaining financial performance metrics specified in each award. Each award is subject to upward or downward adjustment depending on whether achievement of the financial metrics is above or below the target level, with a maximum payout of up to 200% of the target number of shares covered by the award.

PSUs vest on the date that the Compensation Committee determines the level of attainment of the specified financial metrics, generally measured over a three-year period.

The following table presents PSU activity:

	Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2023	245,176	$ 18.23
Granted	117,661	25.99
Vested	(97,089)	17.29
Nonvested at December 31, 2024	265,748	$ 22.01

The total grant date fair value of PSUs vested during the years ended December 31, 2024, 2023 and 2022 was $1.7 million, $1.6 million, and $259,000, respectively.

Employee Stock Purchase Plan

The Company offers employees the right to purchase shares at a discount from the market price under the Company's 2019 Employee Stock Purchase Plan. Subject to the annual statutory limit, employees are eligible to participate through payroll deductions of up to 15% of their compensation. At the end of each six-month offering period, shares are purchased by the participants at 85% of the fair market value at the end of the offering period. As of December 31, 2024, approximately 1,024,554 shares were reserved for future issuance under the 2019 Employee Stock Purchase Plan.

Note 10 - Stock Repurchase Program

The Company maintains a stock repurchase program approved by the Board of Directors, which authorizes the repurchase of shares from time to time in open market purchases. On July 31, 2023, the Board of Directors authorized the repurchase of up to $75.0 million of the Company's common stock over a two-year period beginning July 31, 2023. The new repurchase program replaces the program approved in February 2022. The Company repurchased 848,958, 1,500,456 and 2,423,748 shares at an aggregate purchase price of $29.1 million, $34.2 million, and $47.2 million during 2024, 2023 and 2022, respectively.

In addition, shares of restricted stock units withheld to satisfy tax-withholding obligations from the vesting of restricted stock units were 153,372, 131,552 and 92,452 in 2024, 2023 and 2022, respectively, which are not subject to the current repurchase program. See "Note 5. Revolving Credit Facility and Long-Term Debt" for related restrictions on share repurchases.

Note 11 - Litigation

On April 5, 2011, several individual plaintiffs filed a wage and hour class action in the California Superior Court, County of Fresno, naming as defendants their employer, a Merry Maids franchisee; BBSI, which was providing PEO services to the franchisee; and various parties related to the franchisor. Plaintiffs claimed, among other things, that BBSI and the franchisor were their joint employer with the franchisee and therefore jointly responsible for the alleged wage and hour violations. BBSI continues to maintain that it was not the plaintiff's joint employer. Notwithstanding, in January 2025, the plaintiffs and BBSI reached an agreement in principle to settle the matter, subject to the completion of definitive documentation and customary court approval.

BBSI is subject to other legal proceedings and claims that arise in the ordinary course of our business. There are significant uncertainties surrounding litigation. For the matter discussed above, as well as other cases, management has recorded estimated liabilities totaling $1.7 million in other accrued liabilities in the consolidated balance sheets.

Note 12 - Subsequent Events

We have evaluated events and transactions occurring after the balance sheet date through our filing date and noted no events that are subject to recognition or disclosure.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements and Schedules

The Financial Statements, together with the report thereon of Deloitte & Touche LLP, are included on the pages indicated below:

No schedules are required to be filed herewith.

Exhibits

The following exhibits are filed or furnished herewith or incorporated by reference and this list is intended to constitute the exhibit index.

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**File Number**	**Exhibit**	**Filing Date**	**Filed or Furnished Herewith**
3.1	Charter of the Registrant, as amended through June 4, 2024.	10-Q	0-21886	3.1	731/2024	
3.2	Bylaws of the Registrant, as amended through May 27, 2020.	10-Q	0-21886	3.1	8/5/2020	
4.1	Third Amended and Restated Credit Agreement between the Registrant and Wells Fargo Bank, National Association ("Wells Fargo"), dated as of March 1, 2022.	10-K	0-21886	4.1	3/7/2022	
4.2	First Amendment, effective as of June 12, 2023, to Third Amended and Restated Credit Agreement between the Registrant and Wells Fargo Bank, National Association.	10-Q	0-21886	4.1	8/3/2023	
4.3	Amended and Restated Security Agreement: Business Assets, dated as of March 1, 2022, between the Registrant and Wells Fargo.	10-K	0-21886	4.2	3/7/2022	

4.4	Amended and Restated Standby Letter of Credit Agreement dated as of June 20, 2018, between the Registrant and Wells Fargo.	10-Q	0-21886	4.4	8/8/2018
4.5	Fifth Amended and Restated Revolving Line of Credit Note effective June 12, 2023 of the Registrant.	10-Q	0-21886	4.2	8/3/2023
4.6	Description of the Registrant's Capital Stock.	10-K	0-21886	4.6	2/28/2025
10.1*	2009 Stock Incentive Plan of the Registrant (the “2009 Plan”).	10-K	0-21886	10.1	2/28/2025
10.2*	2015 Stock Incentive Plan of the Registrant (the "2015 Plan").	10-K	0-21886	10.2	2/28/2025
10.3*	Amended and Restated 2020 Stock Incentive Plan of the Registrant (the "2020 Plan").	10-K	0-21886	10.3	2/28/2025
10.4*	Form of Performance Share Award Agreement under the 2020 Plan.	10-Q	0-21886	10.1	8/4/2021
10.5*	Nonqualified Stock Option Award Agreement between the Registrant and Thomas J. Carley dated July 1, 2016.	10-K	0-21886	10.5	2/28/2025
10.6*	Form of Employee Nonqualified Stock Option Award Agreement for grants to Gerald R. Blotz and Gary E. Kramer effective March 28, 2018, under the 2015 Plan.	10-K	0-21886	10.6	2/28/2025
10.7*	Form of Incentive Stock Option Award Agreement relating to February 2, 2015, grants under the 2009 Plan.	10-K	0-21886	10.11	5/26/2016
10.8*	Form of Restricted Stock Units Award Agreement for Executive Officers for awards granted beginning in 2018 under the 2015 Plan.	10-Q	0-21886	10.3	8/8/2018
10.9*	Form of Restricted Stock Units Award Agreement for Executive Officers under the 2020 Plan.	10-Q	0-21886	10.1	11/4/2020
10.10*	Form of Restricted Stock Units Award Agreement for Non-Employee Directors under the 2020 Plan.	10-Q	0-21886	10.2	11/4/2020
10.11*	Summary of Compensatory Arrangements for Non-Employee Directors of the Registrant effective January 1, 2025.	10-K	0-21886	10.11	2/28/2025
10.12*	Barrett Business Services, Inc., Nonqualified Deferred Compensation Plan.	10-Q	0-21886	10.8	8/9/2017
10.13*	First and Second Amendments to the Barrett Business Services, Inc., Nonqualified Deferred Compensation Plan.	10-Q	0-21886	10.1	5/7/2019
10.14*	Form of Restricted Stock Units Award Agreement under Nonqualified Deferred Compensation Plan.	10-Q	0-21886	10.1	5/8/2018

10.15*	Form of Restricted Stock Units Award Agreement under Nonqualified Deferred Compensation Plan for grants beginning July 1, 2020.	10-Q	0-21886	10.3	11/4/2020	
10.16*	Employment Agreement between the Registrant and Gary Kramer Jr., dated April 22, 2020.	8-K	0-21886	10.2	4/24/2020	
10.17*	Employment Agreement between the Registrant and Gerald Blotz, dated April 22, 2020.	8-K	0-21886	10.3	4/24/2020	
10.18*	Employment Agreement between the Registrant and Anthony Harris, dated April 22, 2020.	8-K	0-21886	10.4	4/24/2020	
10.19*	Employment Agreement between the Registrant and James Potts, dated August 14, 2020.	10-K	0-21886	10.30	3/8/2021	
10.20*	Amended Death Benefit Agreement entered into by the Registrant and Gerald L. Blotz effective October 30, 2020.	10-K	0-21886	10.31	3/8/2021	
10.21*	Death Benefit Agreement entered into by the Registrant and Anthony Harris effective June 30, 2020.	10-Q	0-21886	10.7	8/5/2020	
10.22*	Amended Death Benefit Agreement entered into by the Registrant and Gary Kramer effective June 30, 2020.	10-Q	0-21886	10.8	8/5/2020	
10.23*	Death Benefit Agreement entered into by the Registrant and James Potts effective October 30, 2020.	10-K	0-21886	10.34	3/8/2021	
10.24*	Barrett Business Services, Inc. Amended and Restated Annual Cash Incentive Award Plan.	10-K	0-21886	10.45	3/5/2019	
10.25*	Form of Indemnification Agreement with each outside director of Barrett Business Services, Inc.	10-Q	0-21886	10.2	8/4/2021	
10.26*	Form of Employee Nonqualified Stock Option Award Agreement for grants under the 2020 Plan in 2024.	10-K	0-21886	10.26	2/28/2025	
19.1	Insider Trading Policy.	10-K	0-21886	19.1	2/28/2025	
21.	Subsidiaries of the Registrant.	10-K	0-21886	21	2/28/2025	
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).	10-K	0-21886	31.1	2/28/2025	
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).	10-K	0-21886	31.2	2/28/2025	
31.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).					X
31.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).					X

32.	Certification pursuant to 18 U.S.C. Section 1350.					X
97.1	Executive Compensation Recovery Policy.	10-K	0-21886	97.1	3/1/2024	
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Coverage Page Interactive Data File (embedded within the Inline XBRL document).					X

* Denotes a management contract or a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BARRETT BUSINESS SERVICES, INC.
Registrant

Date: February 28, 2025

By: /s/ Anthony J. Harris
Anthony J. Harris
Executive Vice President and Chief Financial Officer and Treasurer

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-33487, 333-105833, 333-161592, 333-205434, 333-231926, 333-239460, 333-272945 on Form S-8, and Registration Statement 333-285394 on Form S-3 of our reports dated February 28, 2025 relating to the financial statements of Barrett Business Services, Inc., and the effectiveness of Barrett Business Services, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K/A of Barrett Business Services, Inc. for the year ended December 31, 2024.

/s/ DELOITTE & TOUCHE LLP

Portland, Oregon
February 28, 2025

EXHIBIT 31.3

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Gary E. Kramer, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Barrett Business Services, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report.

Date: February 28, 2025

/s/ Gary E. Kramer
Gary E. Kramer
Chief Executive Officer

EXHIBIT 31.4

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Anthony J. Harris, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Barrett Business Services, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report.

Date: February 28, 2025

/s/ Anthony J. Harris
Anthony J. Harris
Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of Barrett Business Services, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify, pursuant to 18 U.S.C. § 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gary E. Kramer	/s/ Anthony J. Harris
Gary E. Kramer	Anthony J. Harris
Chief Executive Officer	Chief Financial Officer
February 28, 2025	February 28, 2025

A signed original of this written statement required by Section 906 has been provided to Barrett Business Services, Inc. and will be retained by Barrett Business Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.