UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Quarterly Period Ended September 30, 2023

Or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Transition Period From _________ to _________

CROSS COUNTRY HEALTHCARE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**0-33169**	**13-4066229**
(State or other jurisdiction of Incorporation or organization)	*Commission file number*	*(I.R.S. Employer Identification Number)*

6551 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487
(Address of principal executive offices)(Zip Code)

(561) 998-2232
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.0001 per share	CCRN	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:

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

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

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

The registrant had outstanding 35,150,848 shares of common stock, par value $0.0001 per share, as of October 20, 2023.

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains statements relating to our future results (including certain projections and business trends) that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995, and are subject to the “safe harbor” created by those sections. Forward-looking statements consist of statements that are predictive in nature, depend upon or refer to future events. Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “suggests”, “appears”, “seeks”, “will”, “could”, and variations of such words and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: the overall macroeconomic environment, including increased inflation and interest rates, demand for the healthcare services we provide, both nationally and in the regions in which we operate, our ability to attract and retain qualified nurses, physicians and other healthcare personnel, costs and availability of short-term housing for our travel healthcare professionals, the functioning of our information systems, the effect of cyber security risks and cyber incidents on our business, the effect of existing or future government regulation and federal and state legislative and enforcement initiatives on our business, our customers’ ability to pay us for our services, our ability to successfully implement our acquisition and development strategies, including our ability to successfully integrate acquired businesses and realize synergies from such acquisitions, the effect of liabilities and other claims asserted against us, the effect of competition in the markets we serve, our ability to successfully defend the Company, its subsidiaries, and its officers and directors on the merits of any lawsuit or determine its potential liability, if any, and other factors, including, without limitation, the risk factors set forth in Item 1A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K), as filed and updated in our subsequent Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission (SEC).

Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results and readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date of this filing. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. Except as may be required by law, the Company undertakes no obligation to update or revise forward-looking statements.

All references to “the Company”, “we”, “us”, “our”, or “Cross Country” in this Quarterly Report on Form 10-Q mean Cross Country Healthcare, Inc. and its consolidated subsidiaries.

CROSS COUNTRY HEALTHCARE, INC.

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FORM 10-Q

September 30, 2023

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CROSS COUNTRY HEALTHCARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, amounts in thousands)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 14,301	$ 3,604
Accounts receivable, net of allowances of $19,920 in 2023 and $14,696 in 2022	410,373	641,611
Income taxes receivable	5,239	10,915
Prepaid expenses	4,779	11,067
Insurance recovery receivable	7,807	7,434
Other current assets	2,730	1,042
Total current assets	445,229	675,673
Property and equipment, net of accumulated depreciation of $19,805 in 2023 and $17,682 in 2022	26,262	19,662
Operating lease right-of-use assets	2,628	3,254
Goodwill	135,430	163,268
Other intangible assets, net	57,256	44,723
Deferred tax assets	6,534	7,092
Insurance recovery receivable	22,329	23,058
Cloud computing	5,455	4,460
Other assets	6,616	6,649
Total assets	$ 707,739	$ 947,839
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 114,797	$ 185,507
Accrued compensation and benefits	57,420	72,605
Operating lease liabilities	2,782	4,132
Earnout liability	6,910	7,500
Other current liabilities	1,669	1,896
Total current liabilities	183,578	271,640
Debt	—	148,735
Operating lease liabilities	3,040	4,880
Accrued claims	32,652	35,881
Earnout liability	5,000	18,000
Uncertain tax positions	9,906	7,646
Other liabilities	3,902	3,838
Total liabilities	238,078	490,620
Commitments and contingencies		
Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	241,732	292,876
Accumulated other comprehensive loss	(1,394)	(1,387)
Retained earnings	229,319	165,726
Total stockholders' equity	469,661	457,219
Total liabilities and stockholders' equity	$ 707,739	$ 947,839

See accompanying notes to the condensed consolidated financial statements

CROSS COUNTRY HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited, amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenue from services	$ 442,291	$ 636,098	$ 1,605,693	$ 2,178,391
Operating expenses:				
Direct operating expenses	344,932	492,553	1,245,772	1,689,647
Selling, general and administrative expenses	69,627	80,706	232,825	243,568
Bad debt expense	2,355	1,101	10,397	6,662
Depreciation and amortization	4,540	3,214	13,876	9,414
Restructuring costs	348	2,493	1,690	1,859
Legal settlement charges	—	—	1,125	—
Impairment charges	186	3,856	719	5,597
Total operating expenses	421,988	583,923	1,506,404	1,956,747
Income from operations	20,303	52,175	99,289	221,644
Other expenses (income):				
Interest expense	669	3,498	7,508	10,876
Loss on early extinguishment of debt	—	—	1,723	1,912
Other expense (income), net	134	(27)	133	(1,119)
Income before income taxes	19,500	48,704	89,925	209,975
Income tax expense	6,688	13,911	26,332	60,305
Net income attributable to common stockholders	$ 12,812	$ 34,793	$ 63,593	$ 149,670
Other comprehensive income:				
Unrealized foreign currency translation loss, net of tax	(15)	(38)	(7)	(80)
Comprehensive income	$ 12,797	$ 34,755	$ 63,586	$ 149,590
Net income per share attributable to common stockholders - Basic	$ 0.37	$ 0.94	$ 1.80	$ 4.02
Net income per share attributable to common stockholders - Diluted	$ 0.36	$ 0.93	$ 1.78	$ 3.97
Weighted average common shares outstanding:				
Basic	34,954	37,101	35,386	37,200
Diluted	35,152	37,492	35,742	37,741

See accompanying notes to the condensed consolidated financial statements

CROSS COUNTRY HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Three Months Ended September 30, 2023 and 2022
(Unaudited, amounts in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss, net	Retained Earnings	Stockholders' Equity
	Shares	Dollars				
Balances at June 30, 2023	35,305	$ 4	$ 255,216	$ (1,379)	$ 216,507	$ 470,348
Vesting of restricted stock	1	—	(4)	—	—	(4)
Equity compensation	—	—	1,433	—	—	1,433
Stock repurchase and retirement	(617)	—	(14,768)	—	—	(14,768)
Stock repurchase excise tax	—	—	(145)	—	—	(145)
Foreign currency translation adjustment, net of taxes	—	—	—	(15)	—	(15)
Net income	—	—	—	—	12,812	12,812
Balances at September 30, 2023	34,689	$ 4	$ 241,732	$ (1,394)	$ 229,319	$ 469,661

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss, net	Retained Earnings	Stockholders' Equity
	Shares	Dollars				
Balances at June 30, 2022	37,523	$ 4	$ 320,000	$ (1,335)	$ 92,142	$ 410,811
Equity compensation	—	—	1,491	—	—	1,491
Stock repurchase and retirement	(1,015)	—	(24,348)	—	—	(24,348)
Foreign currency translation adjustment, net of taxes	—	—	—	(38)	—	(38)
Net income	—	—	—	—	34,793	34,793
Balances at September 30, 2022	36,508	$ 4	$ 297,143	$ (1,373)	$ 126,935	$ 422,709

See accompanying notes to the condensed consolidated financial statements

CROSS COUNTRY HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2023 and 2022
(Unaudited, amounts in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss, net	Retained Earnings	Stockholders' Equity
	Shares	Dollars				
Balances at December 31, 2022	36,303	$ 4	$ 292,876	$ (1,387)	$ 165,726	$ 457,219
Vesting of restricted stock	425	—	(4,890)	—	—	(4,890)
Equity compensation	—	—	5,413	—	—	5,413
Stock repurchase and retirement	(2,039)	—	(51,251)	—	—	(51,251)
Stock repurchase excise tax	—	—	(416)	—	—	(416)
Foreign currency translation adjustment, net of taxes	—	—	—	(7)	—	(7)
Net income	—	—	—	—	63,593	63,593
Balances at September 30, 2023	34,689	$ 4	$ 241,732	$ (1,394)	$ 229,319	$ 469,661

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss, net	(Accumulated Deficit) Retained Earnings	Stockholders' Equity
	Shares	Dollars				
Balances at December 31, 2021	37,024	$ 4	$ 321,552	$ (1,293)	$ (22,735)	$ 297,528
Vesting of restricted stock	499	—	(5,267)	—	—	(5,267)
Equity compensation	—	—	5,206	—	—	5,206
Stock repurchase and retirement	(1,015)	—	(24,348)	—	—	(24,348)
Foreign currency translation adjustment, net of taxes	—	—	—	(80)	—	(80)
Net income	—	—	—	—	149,670	149,670
Balances at September 30, 2022	36,508	$ 4	$ 297,143	$ (1,373)	$ 126,935	$ 422,709

See accompanying notes to the condensed consolidated financial statements

CROSS COUNTRY HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	Nine Months Ended September 30,	
	2023	**2022**
Cash flows from operating activities		
Consolidated net income	$ 63,593	$ 149,670
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,876	9,414
Provision for allowances	13,539	10,016
Deferred income tax expense	630	2,797
Non-cash lease expense	823	1,437
Impairment charges	719	5,597
Loss on early extinguishment of debt	1,723	1,912
Equity compensation	5,413	5,206
Other non-cash costs	1,003	64
Changes in operating assets and liabilities:		
Accounts receivable	217,223	(127,003)
Prepaid expenses and other assets	3,243	1,236
Income taxes	7,922	(13,220)
Accounts payable and accrued expenses	(89,596)	87,156
Operating lease liabilities	(3,559)	(3,817)
Other	(128)	(735)
Net cash provided by operating activities	236,424	129,730
Cash flows from investing activities		
Purchases of property and equipment	(11,099)	(6,763)
Other investing activities	199	—
Net cash used in investing activities	(10,900)	(6,763)
Cash flows from financing activities		
Principal payments on term loan	(73,875)	(50,438)
Debt issuance costs	—	(3,159)
Borrowings under Senior Secured Asset-Based revolving credit facility	665,385	1,275,808
Repayments on Senior Secured Asset-Based revolving credit facility	(742,185)	(1,275,808)
Cash paid for shares withheld for taxes	(4,891)	(5,267)
Principal payments on note payable	—	(2,426)
Stock repurchase and retirement	(51,251)	(24,348)
Payment of contingent consideration	(7,500)	(7,500)
Other	(508)	(536)
Net cash used in financing activities	(214,825)	(93,674)
Effect of exchange rate changes on cash	(2)	(9)
Change in cash and cash equivalents	10,697	29,284
Cash and cash equivalents at beginning of period	3,604	1,036
Cash and cash equivalents at end of period	$ 14,301	$ 30,320

See accompanying notes to the condensed consolidated financial statements

1. ORGANIZATION AND BASIS OF PRESENTATION

Nature of Business

The accompanying condensed consolidated financial statements include the accounts of Cross Country Healthcare, Inc. and its direct and indirect wholly-owned subsidiaries (collectively, the Company). In the opinion of management, all adjustments necessary for a fair presentation of such unaudited condensed consolidated financial statements have been included. All such adjustments consisted of all normal recurring items, including the elimination of all intercompany transactions and balances.

The accompanying condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. These operating results are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2022 included in the 2022 Form 10-K. The December 31, 2022 condensed consolidated balance sheet included herein was derived from the December 31, 2022 audited consolidated balance sheet included in the 2022 Form 10-K.

Certain prior year amounts have been reclassified to conform to the current year presentation. See the condensed consolidated balance sheets and the condensed consolidated statements of operations and comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Management has assessed various accounting estimates and other matters, including those that require consideration of forecasted financial information, using information that is reasonably available to the Company at the time. Significant estimates and assumptions are used for, but not limited to: (i) the valuation of accounts receivable; (ii) goodwill, trade names, and other intangible assets; (iii) other long-lived assets; (iv) revenue recognition; (v) accruals for health, workers' compensation, and professional liability claims; (vi) valuation of deferred tax assets; (vii) legal contingencies; and (viii) income taxes. Accrued insurance claims and reserves include estimated settlements from known claims and actuarial estimates for claims incurred but not reported. As additional information becomes available to the Company, its future assessment of these estimates could materially and adversely impact the Company's consolidated financial statements in future reporting periods. Actual results could differ from those estimates.

Risks and Uncertainties

The Company's future results of operations and liquidity could be materially adversely affected by macroeconomic factors contributing to delays in payments from customers and inflationary pressure, uncertain or reduced demand, and the impact of any initiatives or programs that the Company may undertake to address financial and operational challenges faced by its customers.

Accounts Receivable, net

The timing of revenue recognition, billings, and collections results in billed and unbilled accounts receivable from customers, which are classified as accounts receivable on the condensed consolidated balance sheets and are presented net of allowances for doubtful accounts and sales allowances. Estimated revenue for the Company employees', subcontracted employees', and independent contractors' time worked but not yet billed at September 30, 2023 and December 31, 2022 totaled $103.6 million and $152.4 million, respectively.

The Company generally does not require collateral and mitigates its credit risk by performing credit evaluations and monitoring at-risk accounts. The allowance for doubtful accounts is established for losses expected to be incurred on accounts receivable balances. Accounts receivable are written off against the allowance for doubtful accounts when the Company determines amounts are no longer collectible. Judgment is required in the estimation of the allowance and the Company evaluates the collectability of its accounts receivable based on a combination of factors. The Company bases its allowance for doubtful account estimates on its historical write-off experience, current conditions, an analysis of the aging of outstanding receivable and customer payment patterns, and specific reserves for customers in adverse condition adjusted for current expectations for the customers or industry. Based on the information currently available, the Company also considered expectations of future economic conditions when estimating its allowance for doubtful accounts.

The opening balance of the allowance for doubtful accounts is reconciled to the closing balance for expected credit losses as follows:

	2023	2022
	(amounts in thousands)	
Balance at January 1	$ 13,058	$ 6,087
Bad Debt Expense	4,908	2,369
Write-Offs, net of Recoveries	54	(365)
Balance at March 31	18,020	8,091
Bad Debt Expense	3,134	3,192
Write-Offs, net of Recoveries	(4,240)	(426)
Balance at June 30	16,914	10,857
Bad Debt Expense	2,355	1,101
Write-Offs, net of Recoveries	(1,394)	(593)
Balance at September 30	$ 17,875	$ 11,365

In addition to the allowance for doubtful accounts, the Company maintains a sales allowance for billing-related adjustments which may arise in the ordinary course of business and adjustments to the reserve are recorded as contra-revenue. The sales allowance balance as of September 30, 2023 and December 31, 2022 was $2.0 million and $1.6 million, respectively.

The Company’s contract terms typically require payment between 30 to 60 days from the date of invoice and are considered past due based on the particular negotiated contract terms. The majority of the Company's customers are healthcare systems with a significant percentage in acute-care facilities. No single customer accounted for more than 10% of the Company’s revenue for the three and nine months ended September 30, 2023 and 2022, or the accounts receivable balance as of September 30, 2023 and December 31, 2022.

Restructuring Costs

The Company considers restructuring activities to be programs whereby it fundamentally changes its operations, such as closing and consolidating facilities, reducing headcount, and realigning operations in response to changing market conditions. As a result, restructuring costs on the condensed consolidated statements of operations and comprehensive income primarily include employee termination costs and lease-related exit costs.

Reconciliations of the employee termination costs and lease-related exit costs beginning and ending liability balance is presented below:

	Employee Termination Costs	Lease-Related Exit Costs
	(amounts in thousands)	
Balance at January 1, 2023	$ 799	$ 2,196
Charged (credited) to restructuring	527	(98)
Payments and adjustments	(539)	(298)
Balance at March 31, 2023	787	1,800
Charged to restructuring	913	—
Payments and adjustments	(608)	(288)
Balance at June 30, 2023	1,092	1,512
Charged to restructuring	193	155
Payments and adjustments	(895)	(279)
Balance at September 30, 2023	$ 390	$ 1,388

Recently Adopted Accounting Pronouncements

On October 28, 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities such as deferred revenue acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Generally, this amendment will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. Historically such amounts were recognized by the acquirer at fair value in acquisition accounting. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption is permitted, including adoption in an interim period. The Company adopted this standard in the first quarter of 2023 and will apply the guidance as it relates to future acquisitions.

3. REVENUE RECOGNITION

The Company's revenues from customer contracts are generated from temporary staffing services and other services. Revenue is disaggregated by segment in the following table. Sales and usage-based taxes are excluded from revenue.

	Three Months ended September 30, 2023		
	Nurse And Allied Staffing	Physician Staffing	Total Segments
	(amounts in thousands)		
Temporary Staffing Services	$ 386,536	$ 43,165	$ 429,701
Other Services	10,059	2,531	12,590
Total	$ 396,595	$ 45,696	$ 442,291

	Three Months ended September 30, 2022		
	Nurse And Allied Staffing	Physician Staffing	Total Segments
	(amounts in thousands)		
Temporary Staffing Services	$ 592,398	$ 22,811	$ 615,209
Other Services	19,872	1,017	20,889
Total	$ 612,270	$ 23,828	$ 636,098

	Nine Months ended September 30, 2023		
	Nurse And Allied Staffing	Physician Staffing	Total Segments
	(amounts in thousands)		
Temporary Staffing Services	$ 1,437,746	$ 124,477	$ 1,562,223
Other Services	36,527	6,943	43,470
Total	$ 1,474,273	$ 131,420	$ 1,605,693

	Nine Months ended September 30, 2022		
	Nurse And Allied Staffing	Physician Staffing	Total Segments
	(amounts in thousands)		
Temporary Staffing Services	$ 2,053,935	$ 66,122	$ 2,120,057
Other Services	55,358	2,976	58,334
Total	$ 2,109,293	$ 69,098	$ 2,178,391

See Note 12 - Segment Data.

4. ACQUISITIONS

HireUp

On December 13, 2022, the Company purchased and acquired substantially all of the assets and assumed certain liabilities of HireUp Leadership Inc. (HireUp) for a purchase price of $6.0 million in cash, subject to adjustment, and $0.8 million in shares (or 29,811 shares) of the Company's common stock. The transaction was treated as a purchase of assets for income tax purposes.

The sellers were eligible to receive up to an additional $8.0 million total in earnout cash consideration based on HireUp's revenues and Adjusted EBITDA for each of the twelve-month periods ending on the first and second anniversaries of the first day after the closing date. During 2023, the Company performed analyses using multiple updated forecast scenarios and determined that the earnout would only be partially achieved. As a result, the Company recognized a decrease in the fair value of the related liabilities in the second and third quarters of 2023. The liability of $1.9 million is included in the current portion of earnout liability on the condensed consolidated balance sheets. See Note 10 - Fair Value Measurements.

During the quarter ended March 31, 2023, the Company assigned the following values to other identifiable intangible assets: (i) $0.9 million to trade names with a weighted average estimated useful life of 2 years; (ii) $2.5 million to a customer list with a weighted average estimated useful life of 10 years; and (iii) $3.5 million to a database with a weighted average estimated useful life of 7 years, for a total of $6.9 million in definite life intangible assets with a weighted average estimated useful life of 7 years.

The remaining excess purchase price over the fair value of net assets acquired of $1.6 million was recorded as goodwill on the Company's condensed consolidated balance sheets. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets.

Mint

On October 3, 2022, the Company purchased and acquired substantially all of the assets and assumed certain liabilities of Mint Medical Physician Staffing, LP and Lotus Medical Staffing LLC (collectively, Mint) for a purchase price of $27.0 million in cash, subject to adjustment, and $3.6 million in shares (or 114,278 shares) of the Company's common stock. The transaction was treated as a purchase of assets for income tax purposes.

The sellers are eligible to receive up to an additional $10.0 million in earnout cash consideration based on Mint's revenues and gross profit for each of the twelve-month periods ending on the first and second anniversaries of the first day of the calendar month following the closing date. The short-term portion of the liability of $5.0 million is included in the current portion of earnout liability and the long-term portion of the liability of $5.0 million is included in the non-current portion of earnout liability on the condensed consolidated balance sheets. See Note 10 - Fair Value Measurements.

During the quarter ended March 31, 2023, the Company assigned the following values to other identifiable intangible assets: (i) $0.4 million to trade names with a weighted average estimated useful life of 1 year; (ii) $2.3 million to a customer list with a weighted average estimated useful life of 11 years; and (iii) $12.4 million to a database with a weighted average estimated useful life of 7 years, for a total of $15.1 million in definite life intangible assets with a weighted average estimated useful life of 7 years.

The remaining excess purchase price over the fair value of net assets acquired of $20.1 million was recorded as goodwill on the Company's condensed consolidated balance sheets. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets.

Local Business

On December 15, 2022, the Company purchased and acquired certain assets and assumed certain liabilities of an Ohio-based business for a purchase price of $2.0 million in cash, subject to customary post-closing adjustments. The transaction was treated as a purchase of assets for income tax purposes.

On December 15, 2022, an immaterial amount was recorded as goodwill on the Company's condensed consolidated balance sheets. The Company may record additional valuation adjustments during the remainder of the measurement period, which is not to exceed one year from the acquisition date. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets.

The above acquisitions made in 2022, HireUp, Mint, and a local business, both individually and in the aggregate, were not significant and have been accounted for using the acquisition method of accounting. The pro-forma impact on the Company's consolidated revenue from services and net income, including the pro forma effect of events that are directly attributable to the acquisitions, was not significant.

Selected

On December 16, 2021, the Company purchased and acquired substantially all of the assets and assumed certain liabilities of Selected, Inc. (Selected) for a purchase price of $3.5 million in cash, subject to adjustment, and $1.5 million in shares (or 59,429 shares) of the Company's common stock. The transaction was treated as a purchase of assets for income tax purposes.

The sellers were eligible to receive up to an additional $1.5 million in earnout cash consideration, based on Selected's revenues for each of the twelve-month periods ending on the first and second anniversaries of the first day after the closing date. In the second quarter of 2022, the Company determined that the contingent consideration earnout related to the Selected acquisition would not be achieved for 2022 and 2023 and, as a result, the entire liability was reversed.

During the quarter ended June 30, 2022, the Company assigned the following values to other identifiable intangible assets: (i) an immaterial amount to trade names with a weighted average estimated useful life of 2 years; (ii) $1.7 million to software with a weighted average estimated useful life of 5 years; and (iii) $2.9 million to a database, consisting of education professionals, with a weighted average estimated useful life of 5 years, for a total of $4.6 million in definite life intangible assets with a weighted average estimated useful life of 5 years.

The remaining excess purchase price over the fair value of net assets acquired of $0.4 million was recorded as goodwill on the Company's condensed consolidated balance sheets. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets.

The acquisition was not significant and has been accounted for using the acquisition method of accounting. The pro-forma impact on the Company's consolidated revenue from services and net income, including the pro forma effect of events that are directly attributable to the acquisition, was not significant.

Cross Country Workforce Solutions Group (CCWSG)

On June 8, 2021, the Company purchased and acquired substantially all of the assets and assumed certain liabilities of Workforce Solutions Group, Inc. (WSG) for a purchase price of $25.0 million in cash and $5.0 million in shares (or 307,730 shares) of the Company's common stock. The parties agreed to a final net working capital reduction of $1.1 million, which was received in the fourth quarter of 2021. Included in the amount paid at closing and held in an escrow account was $2.0 million related to potential wage and hour indemnification claims. On December 16, 2022, this amount was released from escrow to the seller. The transaction was treated as a purchase of assets for income tax purposes.

The sellers were eligible to receive an earnout based on the business' performance through three years after the acquisition date that could provide up to an additional $15.0 million in cash. In the third quarter of 2022, the Company determined that the contingent consideration earnout was achieved for the 2021 through 2022 period and, as a result, the Company made a $7.5 million earnout payment. In the third quarter of 2023, the Company determined that the contingent consideration earnout was achieved for the 2022 through 2023 period and, as a result, the Company made the final $7.5 million earnout payment. See Note 10 - Fair Value Measurements.

During the quarter ended September 30, 2021, the Company assigned a value to other identifiable intangible assets of $14.2 million in customer relationships with a weighted average estimated useful life of 11.5 years.

The remaining excess purchase price over the fair value of net assets acquired of $22.1 million was recorded as goodwill on the Company's condensed consolidated balance sheets. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets.

The acquisition was not significant and has been accounted for using the acquisition method of accounting. The pro-forma impact on the Company's consolidated revenue from services and net income, including the pro forma effect of events that are directly attributable to the acquisition, was not significant.

Acquisition-related costs

Immaterial acquisition-related costs (benefits) associated with the Company's acquisitions have been included in selling, general and administrative expenses on its condensed consolidated statements of operations and comprehensive income.

5. COMPREHENSIVE INCOME

Total comprehensive income includes net income or loss and foreign currency translation adjustments, net of any related deferred taxes, and is included within the accompanying condensed consolidated statements of operations and comprehensive income. Certain of the Company's foreign subsidiaries use their respective local currency as their functional currency. Assets and liabilities of these operations are translated at the exchange rates in effect on the balance sheet date. Income statement items are translated at the average exchange rates for the period. The cumulative impact of currency fluctuations related to the balance sheet translation is included in accumulated other comprehensive loss in the accompanying condensed consolidated balance sheets and was an unrealized loss of $1.5 million at September 30, 2023 and December 31, 2022.

The income tax impact related to components of other comprehensive income for the three and nine months ended September 30, 2023 and 2022 is included in unrealized foreign currency translation loss, net of tax in the condensed consolidated statements of operations and comprehensive income.

6. EARNINGS PER SHARE

The following table sets forth the components of the numerator and denominator for the computation of the basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(amounts in thousands, except per share data)			
Numerator:				
Net income attributable to common stockholders - Basic and Diluted	$ 12,812	$ 34,793	$ 63,593	$ 149,670
Denominator:				
Weighted average common shares - Basic	34,954	37,101	35,386	37,200
Effect of diluted shares:				
Share-based awards	198	391	356	541
Weighted average common shares - Diluted	35,152	37,492	35,742	37,741
Net income per share attributable to common stockholders - Basic	$ 0.37	$ 0.94	$ 1.80	$ 4.02
Net income per share attributable to common stockholders - Diluted	$ 0.36	$ 0.93	$ 1.78	$ 3.97

The following table represents the share-based awards that could potentially dilute net income per share attributable to common stockholders in the future that were not included in the computation of diluted net income per share attributable to common stockholders because to do so would have been anti-dilutive for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(amounts in thousands)			
Share-based awards	4	—	1	73

7. GOODWILL, TRADE NAMES, AND OTHER INTANGIBLE ASSETS

The Company had the following acquired intangible assets:

	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(amounts in thousands)					
Intangible assets subject to amortization:						
Databases	$ 49,330	$ 26,923	$ 22,407	$ 33,430	$ 22,033	$ 11,397
Customer relationships	52,538	25,149	27,389	47,738	21,672	26,066
Non-compete agreements	4	4	—	4	3	1
Trade names	1,330	860	470	30	16	14
Software	1,700	610	1,090	1,700	355	1,345
Other intangible assets, net	$ 104,902	$ 53,546	$ 51,356	$ 82,902	$ 44,079	$ 38,823
Intangible assets not subject to amortization:						
Trade names, indefinite-lived			$ 5,900			$ 5,900

As of September 30, 2023, estimated annual amortization expense was as follows:

	(amounts in thousands)
Years Ending December 31:	
2023	$ 2,788
2024	10,481
2025	9,570
2026	8,362
2027	6,191
Thereafter	13,964
	$ 51,356

The changes in the carrying amount of goodwill by reportable segment are as follows:

	Nurse And Allied Staffing	Physician Staffing	Total
		(amounts in thousands)	
Balances as of December 31, 2022			
Aggregate goodwill acquired	$ 395,119	$ 78,621	$ 473,740
Accumulated impairment loss	(269,874)	(40,598)	(310,472)
Goodwill, net of impairment loss	125,245	38,023	163,268
Changes to aggregate goodwill in 2023			
Goodwill acquisition adjustments[(a)]	(12,738)	(15,100)	(27,838)
Balances as of September 30, 2023			
Aggregate goodwill acquired	382,381	63,521	445,902
Accumulated impairment loss	(269,874)	(40,598)	(310,472)
Goodwill, net of impairment loss	$ 112,507	$ 22,923	$ 135,430

(a) Represents adjustments to the fair value of the identifiable net assets acquired, with a corresponding offset to goodwill, made during the measurement periods related to the acquisitions of HireUp, Mint, and a local business. The measurement periods have concluded, and no further adjustments are anticipated. See Note 4 - Acquisitions.

Goodwill, Trade Names, and Other Intangible Assets Impairment

The Company tests reporting units' goodwill and intangible assets with indefinite lives for impairment annually during the fourth quarter and more frequently if impairment indicators exist. The Company performs quarterly qualitative assessments of significant events and circumstances such as reporting units' historical and current results, assumptions regarding future performance, strategic initiatives and overall economic factors, and macro-economic developments, to determine the existence of potential indicators of impairment and assess if it is more likely than not that the fair value of reporting units or intangible assets is less than their carrying value. If indicators of impairments are identified a quantitative impairment test is performed.

As of September 30, 2023, the Company performed a qualitative assessment of each of its reporting units and determined it was not more likely than not that the fair value of its reporting units dropped below their carrying value. Although management believes that the Company's current estimates and assumptions utilized in its qualitative testing are reasonable and supportable, there can be no assurance that the estimates and assumptions management used for purposes of its assessment as of September 30, 2023 will prove to be accurate predictions of future performance.

For its long-lived assets and definite-lived intangible assets, the Company reviews for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. During the second quarter of 2023, the Company wrote off an IT project, resulting in a $0.5 million impairment charge. As of September 30, 2022, the Company wrote off an IT project and recorded a $1.9 million impairment charge.

8. DEBT

The Company's debt consists of the following:

	September 30, 2023		December 31, 2022	
	Principal	Debt Issuance Costs	Principal	Debt Issuance Costs
	(amounts in thousands)			
Term Loan, interest of 10.14% at December 31, 2022	$ —	$ —	$ 73,875	$ (1,940)
Senior Secured Asset-Based Loan, interest of 6.92% and 5.90% at September 30, 2023 and December 31, 2022, respectively	—	(2,828)	76,800	(3,437)
Debt	$ —	$ (2,828)	$ 150,675	$ (5,377)

As of September 30, 2023 and December 31, 2022, all debt is considered non-current debt on the condensed consolidated balance sheets. The Company has elected to present the debt issuance costs associated with its revolving line-of-credit as an asset, which is included in other assets on the condensed consolidated balance sheets. As a result, the debt in the above table will not agree to debt on the condensed consolidated balance sheets herein.

In addition to its scheduled payments, the Company made optional prepayments of $50.0 million on its term loan on June 23, 2022 and October 26, 2022, totaling $100.0 million, to reduce interest costs. The Company was entitled to determine the application of the prepayments, which were applied to all future amortization payments, with the balance applied to the remaining balloon payment in 2027. On June 30, 2023, the Company repaid all outstanding obligations under the term loan, and terminated the Term Loan Agreement (as defined below).

2021 Term Loan Credit Agreement

On June 8, 2021, the Company entered into a Term Loan Credit Agreement (Term Loan Agreement) with certain lenders identified therein (collectively, the Lenders) and Wilmington Trust, National Association as administrative agent and collateral agent, pursuant to which the Lenders extended to the Company a six-year second lien subordinated term loan in the amount of $100.0 million (term loan). The term loan had an interest rate of one-month London Inter-Bank Offered Rate (LIBOR) plus 5.75% per annum, subject to a 0.75% LIBOR floor. The borrowings under the Term Loan Agreement generally bore interest at a variable rate based on either LIBOR or Base Rate (as defined in the Term Loan Agreement) and were subject to mandatory prepayments of principal payable in quarterly installments.

The term loan was secured by a second-priority security interest in the collateral as defined in the Loan Agreement (as defined below). The lien priority, relative rights, and other creditors' rights issues in respect of the collateral lenders are set forth in the Intercreditor Agreement, dated June 8, 2021 (Intercreditor Agreement).

On November 18, 2021, the Company amended its Term Loan Agreement (Term Loan First Amendment), which provided the Company an incremental term loan in an aggregate amount equal to $75.0 million. Additionally, the Term Loan First Amendment increased the aggregate amount of all increases (as defined in the Term Loan Agreement) to be no greater than $115.0 million. In conjunction with the Term Loan First Amendment, the Company entered into the Term Loan First Amendment to the Intercreditor Agreement effective as of November 18, 2021.

On April 14, 2023, the Company amended its Term Loan Agreement (Term Loan Second Amendment), which provided the option for all or a portion of the borrowings to bear interest at a rate based on the Secured Overnight Financing Rate (SOFR) or the Base Rate, at the election of the borrowers, plus an applicable margin. With respect to any SOFR loan, the rate per annum was equal to the Term SOFR (as defined in the Term Loan Second Amendment) for the interest period plus an adjustment of 10 basis points due to the credit spread associated with the transition to SOFR.

In the second and fourth quarters of 2022, the Company made early prepayments totaling $100 million, and incurred prepayment premiums of $1.0 million pursuant to the Term Loan Agreement. Debt issuance costs of $1.4 million and $1.3 million were written off in the second and fourth quarters of 2022, respectively.

On June 30, 2023, the Company repaid all outstanding obligations of $73.9 million under the term loan, and terminated the Term Loan Agreement. As a result, debt issuance costs of $1.7 million were written off in the second quarter of 2023. There were no prepayment premiums associated with the payoff and all subsidiary guarantees of the term loan were automatically released.

Any prepayment premiums and write-off of debt issuance costs are included as loss on early extinguishment of debt in the condensed consolidated statements of operations and comprehensive income.

2019 Asset-Based Loan Agreement

Effective October 25, 2019, the Company terminated its prior senior credit facility and entered into an asset-based loan agreement, by and among the Company and certain of its domestic subsidiaries, as borrowers or guarantors, Wells Fargo, PNC Bank N.A., as well as other Lenders (as defined therein) from time to time parties thereto (Loan Agreement). The Loan Agreement provides for a five-year revolving senior secured asset-based credit facility (ABL) in the aggregate principal amount of up to $120.0 million, including a sublimit for swing loans up to $15.0 million and a $35.0 million sublimit for standby letters of credit.

On June 30, 2020, the Company amended its Loan Agreement (First Amendment), which increased the current aggregate committed size of the ABL from $120.0 million to $130.0 million. All other terms, conditions, covenants, and pricing of the Loan Agreement remained the same.

On March 8, 2021, the Company amended its Loan Agreement (Second Amendment), which increased the current aggregate committed size of the ABL from $130.0 million to $150.0 million, increased certain borrowing base sub-limits, and decreased both the cash dominion event and financial reporting triggers.

On June 8, 2021, the Company amended its Loan Agreement (Third Amendment), which permits the incurrence of indebtedness and grant of security as set forth in the Loan Agreement and in accordance with the Intercreditor Agreement, and provides mechanics relating to a transition away from LIBOR as a benchmark interest rate to a replacement alternative benchmark rate or mechanism for loans made in U.S. dollars.

On November 18, 2021, the Company amended its Loan Agreement (Fourth Amendment), whereby the permitted indebtedness (as defined in the Loan Agreement), was increased to $175.0 million.

On March 21, 2022, the Company amended its Loan Agreement (Fifth Amendment), which increased the current aggregate committed size of the ABL from $150.0 million to $300.0 million, extended the credit facility for an additional five years through March 21, 2027, and increased certain borrowing base sub-limits. In addition, the agreement provides the option for all or a portion of the borrowings to bear interest at a rate based on the SOFR or the Base Rate, at the election of the borrowers, plus an applicable margin. The applicable margin will increase 10 basis points due to the credit spread associated with the transition to SOFR.

On September 29, 2023, the Company amended its Loan Agreement (Sixth Amendment), which changed the minimum fixed charge coverage ratio from a maintenance covenant to a springing covenant based on excess availability, which provides for compliance with the covenant only during a compliance period (any time that excess availability falls below a certain threshold), and in such case, the financial covenant shall be tested during this period.

These amendments were treated as modifications of debt and, as a result, the associated fees and costs were included in debt issuance costs and will be amortized ratably over the remaining term of the Loan Agreement.

Availability of the ABL commitments is subject to a borrowing base of up to 85% of secured eligible accounts receivable, subject to adjustment at certain quality levels, minus customary reserves and subject to customary adjustments. Revolving loans and letters of credit issued under the Loan Agreement reduce availability under the ABL on a dollar-for-dollar basis. At September 30, 2023, borrowing base availability under the ABL was $227.4 million. The Company had no borrowings drawn, and $17.9 million of letters of credit outstanding related to workers' compensation and professional liability policies, leaving $209.5 million of excess availability.

As of September 30, 2023, the interest rate spreads and fees under the Loan Agreement were based on SOFR plus 1.60% for the revolving portion of the borrowing base. The Base Rate (as defined by the Loan Agreement) margin would have been 0.50% for the revolving portion. The SOFR and Base Rate margins are subject to monthly pricing adjustments, pursuant to a pricing matrix based on the Company's excess availability under the revolving credit facility. In addition, the facility is subject to an unused line fee, letter of credit fees, and an administrative fee. The unused line fee is 0.375% of the average daily unused portion of the revolving credit facility.

The Loan Agreement contains various restrictions applicable to the Company and its subsidiaries. Obligations under the ABL are secured by substantially all of the assets of the borrowers and guarantors (as defined therein), subject to customary exceptions.

9. LEASES

The Company's lease population of its right-of-use assets and lease liabilities is substantially related to the rental of office space. The Company enters into lease agreements as a lessee that may include options to extend or terminate early. Some of these real estate leases require variable payments of property taxes, insurance, and common area maintenance, in addition to base rent. Certain of the leases have provisions for free rent months during the lease term and/or escalating rent payments and, particularly for the Company's longer-term leases for its corporate offices, it has received incentives to enter into the leases, such as receiving up to a specified dollar amount to construct tenant improvements. These leases do not include residual value guarantees, covenants, or other restrictions.

Beginning in the second quarter of 2020, in connection with the global pandemic, the Company expedited restructuring plans and either reduced or fully vacated leased office space. The decision and change in the use of space resulted in a right-of-use asset impairment charge of $1.5 million and $1.3 million for the three months ended March 31, 2022 and September 30, 2022, respectively, and an immaterial right-of-use asset impairment charge for the three and nine months ended September 30, 2023. These losses were determined by comparing the fair value of the impacted right-of-use assets to the carrying value of the assets as of the impairment measurement date. The fair value of the right-of-use assets was based on the estimated sublease income for the space taking into consideration the time period it will take to obtain a subtenant, the applicable discount rate, and the sublease rate. For the nine-month periods ended September 30, 2023 and 2022, the Company wrote off an immaterial amount of leasehold improvements and other property and equipment related to these locations. The measurement of the right-of-use asset impairments, using the assumptions described, is a Level 3 fair value measurement. See Note 10 - Fair Value Measurements for a description of Level 3 inputs.

The table below presents the lease-related assets and liabilities included on the condensed consolidated balance sheets:

Classification on Condensed Consolidated Balance Sheets:	**September 30, 2023**	**December 31, 2022**
	(amounts in thousands)	
Operating lease right-of-use assets	$ 2,628	$ 3,254
Operating lease liabilities - current	$ 2,782	$ 4,132
Operating lease liabilities - non-current	$ 3,040	$ 4,880

	September 30, 2023	**December 31, 2022**
Weighted average remaining lease term	2.3 years	2.3 years
Weighted average discount rate	6.37 %	6.31 %

The table below reconciles the undiscounted cash flows for each of, and total of, the remaining years to the operating lease liabilities (which do not include short-term leases) recorded on the condensed consolidated balance sheets as of September 30, 2023:

	(amounts in thousands)
Years Ending December 31:	
2023	$ 615
2024	3,031
2025	2,090
2026	239
2027	180
Thereafter	114
Total minimum lease payments	6,269
Less: amount of lease payments representing interest	(447)
Present value of future minimum lease payments	5,822
Less: operating lease liabilities - current	(2,782)
Operating lease liabilities - non-current	$ 3,040

Other Information

The table below provides information regarding supplemental cash flows:

	Nine Months Ended September 30,	
	2023	2022
	(amounts in thousands)	
Supplemental Cash Flow Information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 3,903	$ 4,446
Right-of-use assets acquired under operating lease	$ 782	$ 59

The components of lease expense are as follows:

	Three Months Ended September 30,	
	2023	2022
	(amounts in thousands)	
Amounts Included in Condensed Consolidated Statements of Operations and Comprehensive Income:		
Operating lease expense	$ 396	$ 596
Short-term lease expense	$ 702	$ 1,743
Variable and other lease costs	$ 355	$ 2,027

	Nine Months Ended September 30,	
	2023	2022
	(amounts in thousands)	
Amounts Included in Condensed Consolidated Statements of Operations and Comprehensive Income:		
Operating lease expense	$ 1,300	$ 2,043
Short-term lease expense	$ 2,520	$ 4,128
Variable and other lease costs	$ 628	$ 1,674

Operating lease expense, short-term lease expense, and variable and other lease costs are included in selling, general and administrative expenses, direct operating expenses, and restructuring costs (benefits) in the condensed consolidated statements of operations and comprehensive income, depending on the nature of the leased asset. Operating lease expense is reported net of sublease income, which is not material. Variable and other lease costs for the nine months ended September 30, 2022 included a benefit associated with the early termination of one of the Company's leases for corporate offices which was previously restructured.

As of September 30, 2023, the Company did not have any material operating leases that had not yet commenced. The Company does not have any finance lease contracts related to other equipment rentals which are not included in the above disclosures.

10. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy was established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Items Measured at Fair Value on a Recurring Basis:

The Company’s financial assets/liabilities required to be measured on a recurring basis were primarily its: (i) deferred compensation asset included in other assets; and (ii) deferred compensation liability included in other liabilities on its condensed consolidated balance sheets.

Deferred compensation—The Company utilizes Level 1 inputs to value its deferred compensation assets and liabilities. The Company’s deferred compensation assets and liabilities are measured using publicly available indices, as per the plan documents.

The estimated fair value of the Company’s financial assets and liabilities measured on a recurring basis is as follows:

Fair Value Measurements

	September 30, 2023	December 31, 2022
	(amounts in thousands)	
Financial Assets:		
(Level 1)		
Deferred compensation asset	$ 3,023	$ 2,477
Financial Liabilities:		
(Level 1)		
Deferred compensation liability	$ 2,968	$ 2,507

Items Measured at Fair Value on a Non-Recurring Basis:

The Company’s non-financial assets, such as goodwill, trade names, other intangible assets, right-of-use assets, and property and equipment, are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized. As of September 30, 2023, certain IT projects were written off and leases were vacated resulting in an impairment of the related IT assets and right-of-use assets along with related property and equipment, respectively, using Level 3 inputs to determine remeasured fair value of these assets. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets and Note 9 - Leases for more information about these impairments.

Other Fair Value Disclosures:

Financial instruments not measured or recorded at fair value in the condensed consolidated balance sheets consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses. The estimated fair value of accounts receivable and accounts payable and accrued expenses approximate their carrying amount due to the short-term nature of these instruments. Other financial instruments not measured or recorded at fair value include: (i) ABL, (ii) term loan, and (iii) through (v) earnout liabilities related to the WSG, Mint, and HireUp acquisitions, as discussed below.

(i) The carrying amount of the Company’s ABL approximates fair value because the interest rates are variable and reflective of market rates. (ii) On June 30, 2023, the Company repaid all outstanding obligations of $73.9 million under the term loan, and terminated the Term Loan Agreement. See Note 8 - Debt. Prior to termination, the estimated fair value of the Company’s term loan was calculated applying an interest rate lattice model using Level 2 inputs from available market information. (iii) Potential earnout payments related to the WSG acquisition were contingent upon meeting certain performance requirements based on 2021 through 2023 performance. The Company performed an analysis using multiple forecast scenarios to determine the fair value of the earnout liability. In the third quarter of 2022, the Company determined that the contingent consideration earnout related to the WSG acquisition was achieved for the 2021 through 2022 period and, as a result, the Company made a $7.5 million earnout payment. In the third quarter of 2023, the Company determined that the contingent consideration earnout related to the WSG acquisition was also achieved for the 2022 through 2023 period and, as a result, the Company made the final $7.5 million earnout payment. See Note 4 - Acquisitions. (iv) Potential earnout payments related to the Mint acquisition are contingent upon meeting certain performance requirements based on 2022 through 2024 performance. The Company performed an analysis using multiple forecast scenarios to determine the fair value of the earnout liability. The earnout liability’s carrying amount approximates fair value and the short-term portion of the liability of $5.0 million is included in the current portion of earnout liability and the long-term portion of the liability of $5.0 million is included in the non-current portion of earnout liability on the condensed consolidated balance sheets. See Note 4 - Acquisitions. (v) Potential earnout payments related to the HireUp acquisition are contingent upon meeting certain performance requirements based on 2022 through 2024 performance. During 2023, the Company performed analyses using multiple updated forecast scenarios and determined that the earnout would only be partially achieved. As a result, the Company recognized a decrease in the fair value of the related liabilities in the second and third quarters of 2023. The liability of $1.9 million is included in the current portion of earnout liability on the condensed consolidated balance sheets. See Note 4 - Acquisitions.

The carrying amounts and estimated fair value of the Company’s significant financial instruments that were not measured at fair value are as follows:

	September 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(amounts in thousands)			
Financial Liabilities:				
(Level 2)				
Senior Secured Asset-Based Loan	$ —	$ —	$ 76,800	$ 76,800
Term Loan, net	$ —	$ —	$ 73,875	$ 71,221
Earnout Liability (WSG)	$ —	$ —	$ 7,500	$ 7,500
Earnout Liability (Mint)	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Earnout Liability (HireUp)	$ 1,910	$ 1,910	$ 8,000	$ 8,000

Concentration of Credit Risk:

See discussion of credit losses and allowance for doubtful accounts in Note 2 - Summary of Significant Accounting Policies. Overall, based on the large number of customers in differing geographic areas, primarily throughout the United States and its territories, the Company believes the concentration of credit risk is limited.

11. STOCKHOLDERS’ EQUITY

Stock Repurchase Program

On August 16, 2022, the Company's Board of Directors authorized a new stock repurchase program (the New Repurchase Program), whereby the Company may repurchase up to $100.0 million of its shares of common stock, subject to the terms of its current credit agreements. The shares may be repurchased from time-to-time in the open market or in privately negotiated transactions. The New Repurchase Program was effective immediately and may be discontinued at any time at the Board of Directors' discretion. In addition to the repurchase of $100.0 million of its shares of common stock under the New Repurchase Program, the Company was authorized to continue to repurchase any remaining shares available for repurchase under the Company's previous stock repurchase program, which was approved by the Board of Directors on February 28, 2008 (the Prior Repurchase Program). Upon completion of the authorized number of shares available for repurchase under the Prior Repurchase Program, the Company commenced repurchases under the New Repurchase Program during the third quarter of 2022. During the fourth quarter of 2022, the Company entered into a Rule 10b5-1 Repurchase Plan to allow for share repurchases during the Company's blackout periods, effective through November 2, 2023.

On May 1, 2023, the Company’s Board of Directors authorized approximately $59.0 million in additional share repurchases, such that, effective for trades made after May 3, 2023, the aggregate amount available for stock repurchases under the New Repurchase Program was $100.0 million. The shares can be repurchased from time-to-time in the open market or in privately negotiated transactions. Decisions regarding the amount and the timing of repurchases under the New Repurchase Program will be subject to the Company’s available liquidity and cash on hand, applicable legal requirements, the terms of the Company’s Loan Agreement and Term Loan Agreement, general market conditions, and other factors. The New Repurchase Program does not obligate the Company to repurchase any particular number of shares of common stock and may be discontinued by the Board of Directors at any time. During the third quarter of 2023, the Company entered into a new Rule 10b5-1 Repurchase Plan to allow for share repurchases during the Company's blackout periods, beginning on January 2, 2024.

During the three months ended September 30, 2023, the Company repurchased and retired a total of 616,824 shares of common stock for $14.8 million, at an average price of $23.92 per share. During the nine months ended September 30, 2023, the Company repurchased and retired a total of 2,038,691 shares of common stock for $51.2 million, at an average price of $25.12 per share. During the three months ended September 30, 2022, the Company repurchased and retired a total of 1,014,815 shares of common stock for $24.3 million, at an average price of $23.97 per share.

As of September 30, 2023, the Company had $83.7 million remaining for share repurchase under the New Repurchase Program, subject to certain conditions in the Company's Loan Agreement. At September 30, 2023, the Company had 34,688,631 unrestricted shares of common stock outstanding.

Share-Based Payments

On May 19, 2020, the Company's stockholders approved the Cross Country Healthcare, Inc. 2020 Omnibus Incentive Plan (2020 Plan), which replaced the Cross Country Healthcare, Inc. 2017 Omnibus Incentive Plan (2017 Plan), and applies to awards granted after May 19, 2020. The remaining shares available for grant under the 2017 Plan were cancelled and no further awards will be granted under that plan. The 2020 Plan generally mirrors the terms of the 2017 Plan and includes the following provisions: (i) an aggregate share reserve of 3,000,000 shares; (2) annual dollar and share limits of awards granted to employees and consultants, as well as non-employee directors, based on type of award; (3) awards granted generally will be subject to a minimum one-year vesting schedule; and (4) awards may be granted under the 2020 Plan until March 24, 2030.

The following table summarizes restricted stock awards and performance stock awards activity issued under the 2017 Plan and the 2020 Plan (together, the Plans) for the nine months ended September 30, 2023:

	Restricted Stock Awards		Performance Stock Awards	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Target Shares	Weighted Average Grant Date Fair Value
Unvested restricted stock awards, January 1, 2023	674,508	$ 14.53	476,086	$ 12.56
Granted	319,312	$ 22.87	200,487	$ 19.23
Vested	(403,023)	$ 12.41	(238,253)	$ 6.74
Forfeited	(34,740)	$ 20.86	(15,733)	$ 19.03
Unvested restricted stock awards, September 30, 2023	556,057	$ 20.46	422,587	$ 18.77

Restricted stock awards granted under the Plans entitle the holder to receive, at the end of a vesting period, a specified number of shares of the Company's common stock. Share-based compensation expense is measured by the market value of the Company's stock on the date of grant.

Awards granted to non-employee directors under the 2020 Plan will vest on the first anniversary of such grant date, or earlier subject to retirement eligibility. In addition, effective for the three months ended June 30, 2020, the Company implemented modified guidelines that provide for accelerated vesting of restricted stock grants on the last date of service when a retirement-eligible director retires.

Pursuant to the Plans, the number of target shares that are issued for performance-based stock awards are determined based on the level of attainment of the targets. During the first quarter of 2023, the Company's Compensation Committee of the Board of Directors approved a 120% level of attainment for the 2020 performance-based share awards, resulting in the issuance of 238,253 performance shares that vested on March 31, 2023.

During the three and nine months ended September 30, 2023, $1.4 million and $5.4 million, respectively, was included in selling, general and administrative expenses related to share-based payments, and a net of 430 and 424,704 shares, respectively, of common stock were issued upon the vesting of restricted and performance stock.

During the three and nine months ended September 30, 2022, $1.5 million and $5.2 million, respectively, was included in selling, general and administrative expenses related to share-based payments. During the nine months ended September 30, 2022, a net of 499,700 shares of common stock were issued upon the vesting of restricted and performance stock. No shares vested during the three months ended September 30, 2022.

12. SEGMENT DATA

The Company's segments offer services to its customers as described below:

- *Nurse and Allied Staffing* – Nurse and Allied Staffing provides traditional staffing, recruiting, and value-added total talent solutions including: temporary and permanent placement of travel and local nurse and allied professionals, and healthcare leaders within nursing, allied, physician, human resources, and finance, MSP services, education healthcare services, in-home care services, and outsourcing services. In addition, Nurse and Allied Staffing provides executive search services for healthcare professionals, as well as contingent search and recruitment process outsourcing services. Its customers include: public and private acute-care and non-acute care hospitals, government facilities, local and national healthcare plans, managed care providers, public schools and charter schools, outpatient clinics, ambulatory care facilities, physician practice groups, and many other healthcare providers throughout the United States.

- *Physician Staffing* – Physician Staffing provides physicians in many specialties, as well as certified registered nurse anesthetists, nurse practitioners, and physician assistants as independent contractors on temporary assignments throughout the United States at various healthcare facilities, such as acute and non-acute care facilities, medical group practices, government facilities, and managed care organizations.

The Company evaluates performance of each segment primarily based on revenue and contribution income. The Company defines contribution income as income (loss) from operations before depreciation and amortization, acquisition and integration-related (benefits) costs, restructuring (benefits) costs, legal settlement charges, impairment charges, and corporate overhead. The Company does not evaluate, manage, or measure performance of segments using asset information; accordingly, total asset information by segment is not prepared or disclosed. The information in the following table is derived from the segments' internal financial information as used for corporate management purposes. Certain corporate expenses are not allocated to and/or among the operating segments.

Information on operating segments and a reconciliation to income from operations for the periods indicated are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(amounts in thousands)			
Revenue from services:				
Nurse and Allied Staffing	$ 396,595	$ 612,270	$ 1,474,273	$ 2,109,293
Physician Staffing	45,696	23,828	131,420	69,098
	$ 442,291	$ 636,098	$ 1,605,693	$ 2,178,391
Contribution income:				
Nurse and Allied Staffing	$ 39,226	$ 77,838	$ 162,876	$ 285,506
Physician Staffing	2,576	837	7,841	3,822
	41,802	78,675	170,717	289,328
Corporate overhead[(a)]	16,412	16,447	53,959	50,284
Depreciation and amortization	4,540	3,214	13,876	9,414
Restructuring costs	348	2,493	1,690	1,859
Legal settlement charges	—	—	1,125	—
Impairment charges	186	3,856	719	5,597
Other costs[(b)]	13	490	59	530
Income from operations	$ 20,303	$ 52,175	$ 99,289	$ 221,644

(a) Corporate overhead includes unallocated executive leadership and other centralized corporate functional support costs such as finance, IT, legal, human resources, and marketing, as well as public company expenses and corporate-wide projects (initiatives).
(b) Other costs include acquisition and integration-related costs.

13. CONTINGENCIES

Legal Proceedings

From time to time, the Company is involved in various litigation, claims, investigations, and other proceedings that arise in the ordinary course of its business. These proceedings primarily relate to employee-related matters that include individual and collective claims, professional liability, tax, and payroll practices. The Company establishes reserves when available information indicates that a loss is probable and an amount or range of loss can be reasonably estimated. These assessments are performed at least quarterly and are based on the information available to management at the time and involve significant management judgment to determine the probability and estimated amount of potential losses, if any. Based on the available information considered in its reviews, the Company adjusts its loss contingency accruals and its disclosures as may be required. Actual outcomes or losses may differ materially from those estimated by the Company's current assessments, including available insurance recoveries, which would impact the Company's profitability. Adverse developments in existing litigation claims or legal proceedings involving the Company or new claims could require management to establish or increase litigation reserves or enter into unfavorable settlements or satisfy judgments for monetary damages for amounts in excess of current reserves, which could adversely affect the Company's financial results. The Company believes the outcome of any outstanding loss contingencies as of September 30, 2023 will not have a material adverse effect on its business, financial condition, results of operations, or cash flows.

Sales and Other State Non-Income Tax Liabilities

The Company's sales and other state non-income tax filings are subject to routine audits by authorities in the jurisdictions where it conducts business in the United States which may result in assessments of additional taxes. The Company accrues sales and other non-income tax liabilities based on the Company's best estimate of its probable liability utilizing currently available information and interpretation of relevant tax regulations. Given the nature of the Company's business, significant subjectivity exists as to both whether sales and other state non-income taxes can be assessed on its activity and how the sales tax will ultimately be measured by the relevant jurisdictions. The Company makes a determination for each reporting period whether the estimates for sales and other non-income taxes in certain states should be revised. The expense is included in selling, general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income and the liability is reflected in sales tax payable within other current liabilities in its condensed consolidated balance sheets.

14. INCOME TAXES

For the three and nine months ended September 30, 2023 and 2022, the Company calculated the provision for income taxes by applying an annual effective tax rate to ordinary income for the interim reporting period. The Company’s effective tax rate was 34.3% and 29.3%, including the impact of discrete items, and 36.9% and 31.5%, excluding discrete items, for the three and nine months ended September 30, 2023, respectively. The Company’s effective tax rate was 28.6% and 28.7%, including the impact of discrete items, and 28.6% and 29.3%, excluding discrete items, for the three and nine months ended September 30, 2022, respectively. The effective tax rates for the three and nine months ended September 30, 2023 and 2022 were primarily impacted by federal and state taxes.

The tax years 2012 through 2022 remain open to examination by certain taxing jurisdictions to which the Company is subject to tax.

15. RELATED PARTY TRANSACTIONS

The Company has entered into an arrangement for digital marketing services provided by a firm that is related to Mr. Kevin C. Clark, the Company's non-executive Chairman of the Board of Directors since April 1, 2022, and the Company's Co-Founder & Chief Executive Officer through March 31, 2022. Mr. Clark is a minority shareholder in the firm's parent company and is a member of the parent company's Board of Directors. Management believes the terms of the arrangement are equivalent to those prevailing in an arm's-length transaction and have been approved by the Company through its related party process. The digital marketing firm manages a limited number of digital publishers covering various Company brands for a monthly management fee. During the three and nine months ended September 30, 2023 and 2022, the Company incurred an immaterial amount in expenses. The Company had immaterial payable balances at September 30, 2023 and December 31, 2022.

The Company provides services to entities which are affiliated with certain members of the Company’s Board of Directors. Management believes the services were conducted on terms equivalent to those prevailing in an arm's-length transaction. Revenue related to these transactions was $0.3 million and $0.9 million for the three and nine months ended September 30, 2023, respectively, and $0.7 million and $1.5 million for the three and nine months ended September 30, 2022, respectively. Accounts receivable due from these entities was an immaterial amount at September 30, 2023 and December 31, 2022.

Following the WSG acquisition on June 8, 2021, the Company continued to rent WSG's headquarters. The Chief Executive Officer and Founder of WSG, who is currently a business unit president with the Company, is an agent of the lessor. The lease for WSG's headquarters was terminated at the end of the first quarter of 2023. Accordingly, the Company paid no rent expense for these premises for the three months ended September 30, 2023 and had no payable balance at September 30, 2023.

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

The purpose of the following Management's Discussion and Analysis (MD&A) is to help facilitate the understanding of significant factors influencing the quarterly operating results, financial condition, and cash flows of the Company. Additionally, MD&A also conveys our current expectations of the potential impact of known trends, events, or uncertainties that may impact future results. MD&A is provided as a supplement to, and should be read in conjunction with, our Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K) (including Part I, Item 1A. "Risk Factors"), our financial statements and the accompanying notes to our financial statements.

Business Overview

We provide total talent management services, including strategic workforce solutions, contingent staffing, permanent placement, and consultative services for healthcare customers across the continuum of care, by recruiting and placing highly qualified healthcare professionals in virtually every specialty and area of expertise. In addition to clinical roles such as school nurses, speech language, and behavioral therapists, we place non-clinical professionals such as teachers, substitute teachers, and other education specialties at educational facilities across the nation. Our diverse customer base includes both public and private acute care and non-acute care hospitals, outpatient clinics, ambulatory care facilities, single- and multi-specialty physician practices, rehabilitation facilities, Program of All-Inclusive Care for the Elderly (PACE) programs, urgent care centers, local and national healthcare systems, managed care providers, public and charter schools, correctional facilities, government facilities, pharmacies, and many other healthcare providers. Through our national staffing teams, we offer our workforce solutions and place clinicians on travel and per diem assignments, local short-term contracts, and permanent positions. In addition, we continually evaluate opportunities to acquire companies that would complement or enhance our business, like WSG and Mint.

Our workforce solutions include managed service programs (MSPs), recruitment process outsourcing (RPO), project management, and other outsourcing and consultative services as described in Item 1. "Business" in our 2022 Form 10-K. By utilizing the solutions that we offer, customers are able to better plan their personnel needs, optimize their talent acquisition and management processes, strategically flex and balance their workforce, have access to quality healthcare personnel, and provide continuity of care for improved patient outcomes. We have a history of investing in diversity, equality, and inclusion as a key component of the organization's overall corporate social responsibility program, which we believe is closely aligned with our core values to create a better future for our people, communities, and our stockholders.

The Company's two reportable segments offer services to its customers as described below:

- *Nurse and Allied Staffing* – Nurse and Allied Staffing represented approximately 90% of total revenue in the third quarter of 2023. The Nurse and Allied Staffing segment provides workforce solutions and traditional staffing, including temporary and permanent placement of travel nurses and allied professionals, as well as per diem and contract nurses and allied personnel. We also provide clinical and non-clinical professionals on short-term and long-term assignments to customers such as local and national healthcare plans, managed care providers, public and charter schools, correctional facilities, skilled nursing facilities, and other non-acute settings. In addition, Nurse and Allied Staffing provides executive search services for healthcare professionals, as well as contingent search and recruitment process outsourcing services. We provide flexible workforce solutions to our healthcare customers through diversified offerings designed to meet their unique needs, including MSP, RPO, and consulting services.

- *Physician Staffing* – Physician Staffing represented approximately 10% of total revenue in the third quarter of 2023. Physician Staffing provides physicians in many specialties, as well as certified registered nurse anesthetists, nurse practitioners, and physician assistants as independent contractors on temporary assignments throughout the United States.

<u>Summary of Operations</u>

For the quarter ended September 30, 2023, revenue from services decreased 30% year-over-year to $442.3 million, due to expected volume and average bill rate declines in the Nurse and Allied Staffing segment, partially offset by volume increases in the Physician Staffing segment. In the Physician Staffing segment, the number of days filled increased across several specialties. Education and Homecare also experienced year-over-year revenue growth. Net income attributable to common stockholders in the third quarter of 2023 was $12.8 million, as compared to $34.8 million for the same period in the prior year.

For the three months ended September 30, 2023, cash flow provided by operating activities was $70.3 million, with net repayments of $31.0 million on our senior secured asset-based credit facility (ABL), and a decrease in working capital stemming from a decrease in net receivables, partially offset by the timing of disbursements. As of September 30, 2023, there were no borrowings drawn under the ABL, with borrowing base availability of $227.4 million and $17.9 million of undrawn letters of credit outstanding, leaving $209.5 million of excess availability. In addition, cash and cash equivalents totaled $14.3 million.

We remain committed to investing in our technologies and are on schedule with our transition of existing clients to Intellify®. We are confident that our proprietary technology initiatives, which distinguish us as a leader in healthcare staffing, will continue to open up new opportunities for us as a tech-enabled workforce solutions and advisory firm.

See Results of Operations, Segment Results, and Liquidity and Capital Resources sections that follow for further information.

Operating Metrics

We evaluate our financial condition by tracking operating metrics and financial results specific to each of our segments. Key operating metrics include hours worked, days filled, number of contract personnel on a full-time equivalent (FTE) basis, revenue per FTE, and revenue per day filled. Other operating metrics include number of open orders, candidate applications, contract bookings, length of assignment, bill and pay rates, and renewal and fill rates, number of active searches, and number of placements. These operating metrics are representative of trends that assist management in evaluating business performance. Due to the timing of our business process and other factors, certain of these operating metrics may not necessarily correlate to the reported U.S. GAAP results for the periods presented. Some of the segment financial results analyzed include revenue, operating expenses, and contribution income. In addition, we monitor cash flow, as well as operating and leverage ratios, to help us assess our liquidity needs.

Business Segment	Business Measurement
Nurse and Allied Staffing	FTEs represent the average number of Nurse and Allied Staffing contract personnel on a full-time equivalent basis.
	Average revenue per FTE per day is calculated by dividing the Nurse and Allied Staffing revenue, excluding permanent placement, per FTE by the number of days worked in the respective periods.
Physician Staffing	Days filled is calculated by dividing the total hours invoiced during the period, including an estimate for the impact of accrued revenue, by eight hours.
	Revenue per day filled is calculated by dividing revenue as reported by days filled for the period presented.

Results of Operations

The following table summarizes, for the periods indicated, selected condensed consolidated statements of operations and comprehensive income data expressed as a percentage of revenue. Our historical results of operations are not necessarily indicative of future operating results.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenue from services	100.0 %	100.0 %	100.0 %	100.0 %
Direct operating expenses	78.0	77.4	77.6	77.6
Selling, general and administrative expenses	15.7	12.7	14.5	11.2
Bad debt expense	0.5	0.2	0.6	0.3
Depreciation and amortization	1.0	0.5	0.9	0.4
Restructuring costs	0.1	0.4	0.1	0.1
Legal settlement charges	—	—	0.1	—
Impairment charges	0.1	0.6	—	0.2
Income from operations	4.6	8.2	6.2	10.2
Interest expense	0.2	0.5	0.5	0.5
Loss on early extinguishment of debt	—	—	0.1	0.1
Other expense (income), net	—	—	—	—
Income before income taxes	4.4	7.7	5.6	9.6
Income tax expense	1.5	2.2	1.6	2.7
Net income attributable to common stockholders	2.9 %	5.5 %	4.0 %	6.9 %

Comparison of Results for the Three Months Ended September 30, 2023 and the Three Months Ended September 30, 2022

	Three Months Ended September 30,			
	2023	2022	Increase (Decrease) $	Increase (Decrease) %
	(Amounts in thousands)			
Revenue from services	$ 442,291	$ 636,098	$ (193,807)	(30.5)%
Direct operating expenses	344,932	492,553	(147,621)	(30.0)%
Selling, general and administrative expenses	69,627	80,706	(11,079)	(13.7)%
Bad debt expense	2,355	1,101	1,254	113.9 %
Depreciation and amortization	4,540	3,214	1,326	41.3 %
Restructuring costs	348	2,493	(2,145)	(86.0)%
Impairment charges	186	3,856	(3,670)	(95.2)%
Income from operations	20,303	52,175	(31,872)	(61.1)%
Interest expense	669	3,498	(2,829)	(80.9)%
Other expense (income), net	134	(27)	161	596.3 %
Income before income taxes	19,500	48,704	(29,204)	(60.0)%
Income tax expense	6,688	13,911	(7,223)	(51.9)%
Net income attributable to common stockholders	$ 12,812	$ 34,793	$ (21,981)	(63.2)%

Revenue from services

Revenue from services decreased 30.5% to $442.3 million for the three months ended September 30, 2023, as compared to $636.1 million for the three months ended September 30, 2022, due to a volume decline in the Nurse and Allied Staffing segment and travel bill rates that continued to normalize throughout the quarter, partially offset by volume increases in the Physician Staffing segment. See further discussion in Segment Results.

Direct operating expenses

Direct operating expenses were comprised primarily of field employee compensation and independent contractor expenses, housing expenses, travel expenses, and related insurance expenses. Direct operating expenses decreased $147.6 million, or 30.0%, to $344.9 million for the three months ended September 30, 2023, as compared to $492.6 million for the three months ended September 30, 2022, as a result of revenue decreases. As a percentage of total revenue, direct operating expenses increased to 78.0%, as compared to 77.4% in the prior year period.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased 13.7% to $69.6 million for the three months ended September 30, 2023, as compared to $80.7 million for the three months ended September 30, 2022, primarily due to decreases in compensation and benefit expense, as well as marketing and computer subscription fees, partially offset by increases in legal, insurance, and computer expenses. As a percentage of total revenue, selling, general and administrative expenses increased to 15.7% for the three months ended September 30, 2023, as compared to 12.7% for the three months ended September 30, 2022.

Bad Debt Expense

Bad debt expense for the three months ended September 30, 2023 was $2.4 million, as compared to $1.1 million for the three months ended September 30, 2022. As a percentage of revenue, bad debt expense was 0.5% for the three months ended September 30, 2023, as compared to 0.2% for the three months ended September 30, 2022.

Depreciation and amortization expense

Depreciation and amortization expense for the three months ended September 30, 2023 was $4.5 million, as compared to $3.2 million for the three months ended September 30, 2022. The increase was primarily due to the additional amortization of other intangible assets from the Mint and HireUp acquisitions. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets to our condensed consolidated financial statements. As a percentage of revenue, depreciation and amortization expense was 1.0% for the three months ended September 30, 2023 and 0.5% for the three months ended September 30, 2022.

Restructuring costs

Restructuring costs for the three months ended September 30, 2023 were primarily comprised of employee termination costs and ongoing lease exit costs. For the three months ended September 30, 2022, restructuring costs of $2.5 million were comprised of ongoing lease costs related to the Company's strategic reduction of its real estate footprint as well as employee termination costs. See Note 2 - Summary of Significant Accounting Policies to our condensed consolidated financial statements.

Impairment charges

Non-cash impairment charges totaled $0.2 million for the three months ended September 30, 2023 and related to real estate restructuring activities. Non-cash impairment charges totaled $3.9 million for the three months ended September 30, 2022 and related to real estate restructuring activities and the write-off of an IT project. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets and Note 9 - Leases to our condensed consolidated financial statements.

Interest expense

Interest expense was $0.7 million for the three months ended September 30, 2023, as compared to $3.5 million for the three months ended September 30, 2022, due to lower average borrowings, partially offset by a higher effective interest rate. The effective interest rate on borrowings was 18.3% and 8.2% for the three months ended September 30, 2023 and 2022, respectively.

Income tax expense

Income tax expense totaled $6.7 million for the three months ended September 30, 2023, as compared to $13.9 million for the three months ended September 30, 2022. The decrease in income tax expense was primarily related to a decrease in book income. The effective tax rates for the three months ended September 30, 2023 and 2022 were primarily impacted by federal and state taxes. See Note 14 - Income Taxes to our condensed consolidated financial statements.

Comparison of Results for the Nine Months Ended September 30, 2023 and the Nine Months Ended September 30, 2022

	Nine Months Ended September 30,			
	2023	2022	Increase (Decrease) $	Increase (Decrease) %
	(Amounts in thousands)			
Revenue from services	$ 1,605,693	$ 2,178,391	$ (572,698)	(26.3)%
Direct operating expenses	1,245,772	1,689,647	(443,875)	(26.3)%
Selling, general and administrative expenses	232,825	243,568	(10,743)	(4.4)%
Bad debt expense	10,397	6,662	3,735	56.1 %
Depreciation and amortization	13,876	9,414	4,462	47.4 %
Restructuring costs	1,690	1,859	(169)	(9.1)%
Legal settlement charges	1,125	—	1,125	100.0 %
Impairment charges	719	5,597	(4,878)	(87.2)%
Income from operations	99,289	221,644	(122,355)	(55.2)%
Interest expense	7,508	10,876	(3,368)	(31.0)%
Loss on early extinguishment of debt	1,723	1,912	(189)	(9.9)%
Other expense (income), net	133	(1,119)	1,252	111.9 %
Income before income taxes	89,925	209,975	(120,050)	(57.2)%
Income tax expense	26,332	60,305	(33,973)	(56.3)%
Net income attributable to common stockholders	$ 63,593	$ 149,670	$ (86,077)	(57.5)%

Revenue from services

Revenue from services decreased 26.3% to $1.6 billion for the nine months ended September 30, 2023, as compared to $2.2 billion for the nine months ended September 30, 2022, primarily driven by a decline in the number of professionals on assignment in the Nurse and Allied Staffing segment as clients continue to right-size their needs, and travel bill rates that continued to normalize throughout the year, partially offset by an increase in volume in most specialties and an improved mix of higher bill rate specialties in the Physician Staffing segment. See further discussion in Segment Results.

Direct operating expenses

Direct operating expenses decreased $443.9 million, or 26.3%, to $1.2 billion for the nine months ended September 30, 2023, as compared to $1.7 billion for the nine months ended September 30, 2022, as a result of revenue decreases. As a percentage of total revenue, direct operating expenses were 77.6%, consistent with the prior year period.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased 4.4% to $232.8 million for the nine months ended September 30, 2023, as compared to $243.6 million for the nine months ended September 30, 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 14.5% for the nine months ended September 30, 2023, as compared to 11.2% for the nine months ended September 30, 2022.

Bad Debt Expense

Bad debt expense for the nine months ended September 30, 2023 was $10.4 million, as compared to $6.7 million for the nine months ended September 30, 2022. As a percentage of revenue, bad debt expense was 0.6% for the nine months ended September 30, 2023, as compared to 0.3% for the nine months ended September 30, 2022.

Depreciation and amortization expense

Depreciation and amortization expense for the nine months ended September 30, 2023 was $13.9 million, as compared to $9.4 million for the nine months ended September 30, 2022. The increase was primarily due to the additional amortization of other intangible assets from the Mint and HireUp acquisitions. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets to our condensed consolidated financial statements. As a percentage of revenue, depreciation and amortization expense was 0.9% for the nine months ended September 30, 2023 and 0.4% for the nine months ended September 30, 2022.

Restructuring costs

Restructuring costs of $1.7 million and $1.9 million for the nine months ended September 30, 2023 and 2022, respectively, were primarily comprised of employee termination costs and ongoing lease costs related to the Company's strategic reduction of its real estate footprint. See Note 2 - Summary of Significant Accounting Policies to our condensed consolidated financial statements.

Legal settlement charges

Legal settlement charges totaled $1.1 million for the nine months ended September 30, 2023 and related to the settlement of a wage and hour class action lawsuit and associated legal fees. There were no such charges for the nine months ended September 30, 2022.

Impairment charges

Non-cash impairment charges totaled $0.7 million for the nine months ended September 30, 2023 and related to the write-off of an IT project and real estate restructuring activities. Non-cash impairment charges totaled $5.6 million for the nine months ended September 30, 2022 and related to real estate restructuring activities and the write-off of an IT project. See Note 7 - Goodwill, Trade Names, and Other Intangible Assets and Note 9 - Leases to our condensed consolidated financial statements.

Interest expense

Interest expense was $7.5 million for the nine months ended September 30, 2023, as compared to $10.9 million for the nine months ended September 30, 2022, due to lower average borrowings, partially offset by a higher effective interest rate. The effective interest rate on borrowings was 10.1% and 8.8% for the nine months ended September 30, 2023 and 2022, respectively.

Loss on early extinguishment of debt

Loss on early extinguishment of debt for the nine months ended September 30, 2023 consisted of the write-off of debt issuance costs related to the repayment and termination of the term loan in the second quarter of 2023. Loss on early extinguishment of debt for the nine months ended September 30, 2022 consisted of a prepayment premium and the write-off of debt issuance costs related to the optional prepayment on the term loan made in the second quarter of 2022.

Other income, net

For the nine months ended September 30, 2022, other income, net included a $1.1 million gain on lease termination as a result of the early termination of one of our corporate offices.

Income tax expense

Income tax expense totaled $26.3 million for the nine months ended September 30, 2023, as compared to $60.3 million for the nine months ended September 30, 2022. The decrease in income tax expense was primarily related to a decrease in book income. The effective tax rates for the nine months ended September 30, 2023 and 2022 were primarily impacted by federal and state taxes. See Note 14 - Income Taxes to our condensed consolidated financial statements.

Segment Results

Information on operating segments and a reconciliation to income from operations for the periods indicated are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(amounts in thousands)			
Revenue from services:				
Nurse and Allied Staffing	$ 396,595	$ 612,270	$ 1,474,273	$ 2,109,293
Physician Staffing	45,696	23,828	131,420	69,098
	$ 442,291	$ 636,098	$ 1,605,693	$ 2,178,391
Contribution income:				
Nurse and Allied Staffing	$ 39,226	$ 77,838	$ 162,876	$ 285,506
Physician Staffing	2,576	837	7,841	3,822
	41,802	78,675	170,717	289,328
Corporate overhead	16,412	16,447	53,959	50,284
Depreciation and amortization	4,540	3,214	13,876	9,414
Restructuring costs	348	2,493	1,690	1,859
Legal settlement charges	—	—	1,125	—
Impairment charges	186	3,856	719	5,597
Other costs	13	490	59	530
Income from operations	$ 20,303	$ 52,175	$ 99,289	$ 221,644

See Note 12 - Segment Data to our condensed consolidated financial statements.

Certain statistical data for our business segments for the periods indicated are as follows:

	Three Months Ended			
	September 30, 2023	September 30, 2022	Change	Percent Change
Nurse and Allied Staffing statistical data:				
FTEs	9,849	12,524	(2,675)	(21.4)%
Average Nurse and Allied Staffing revenue per FTE per day	$ 434	$ 526	$ (92)	(17.5)%
Physician Staffing statistical data:				
Days filled	23,004	13,219	9,785	74.0 %
Revenue per day filled	$ 1,986	$ 1,803	$ 183	10.1 %

	Nine Months Ended			
	September 30, 2023	September 30, 2022	Change	Percent Change
Nurse and Allied Staffing statistical data:				
FTEs	11,251	13,157	(1,906)	(14.5)%
Average Nurse and Allied Staffing revenue per FTE per day	$ 476	$ 582	$ (106)	(18.2)%
Physician Staffing statistical data:				
Days filled	68,927	38,703	30,224	78.1 %
Revenue per day filled	$ 1,907	$ 1,785	$ 122	6.8 %

See definition of Business Measurements under the Operating Metrics section of the MD&A.

Segment Comparison - Three Months Ended September 30, 2023 and Three Months Ended September 30, 2022

Nurse and Allied Staffing

Revenue decreased $215.7 million, or 35.2%, to $396.6 million for the three months ended September 30, 2023, as compared to $612.3 million for the three months ended September 30, 2022, primarily driven by a decline in the number of professionals on assignment as clients continue to right-size their needs and travel bill rates that continued to normalize throughout the quarter.

Contribution income decreased $38.6 million, or 49.6%, to $39.2 million for the three months ended September 30, 2023, as compared to $77.8 million for the three months ended September 30, 2022. As a percentage of segment revenue, contribution income margin was 9.9% for the three months ended September 30, 2023, as compared to 12.7% for the three months ended September 30, 2022.

The average number of FTEs on contract during the three months ended September 30, 2023 decreased 21.4% from the three months ended September 30, 2022, primarily due to headcount decline in travel nurse and local, and delayed seasonal needs. The average revenue per FTE per day decreased 17.5%, due to the expected normalization of bill rates.

Physician Staffing

Revenue increased $21.9 million, or 91.8%, to $45.7 million for the three months ended September 30, 2023, as compared to $23.8 million for the three months ended September 30, 2022, primarily due to an increase in volume and an improved mix of higher bill rate specialties.

Contribution income was $2.6 million for the three months ended September 30, 2023, as compared to $0.8 million for the three months ended September 30, 2022. As a percentage of segment revenue, contribution income was 5.6% for the three months ended September 30, 2023, as compared to 3.5% for the three months ended September 30, 2022.

Total days filled for the three months ended September 30, 2023 was 23,004, as compared with 13,219 in the prior year. Revenue per day filled was $1,986 as compared with $1,803 in the prior year, due to the improved mix of business.

Corporate Overhead

Corporate overhead includes unallocated executive leadership and other centralized corporate functional support costs, such as finance, IT, legal, human resources, and marketing, as well as public company expenses and corporate-wide projects. Corporate overhead was $16.4 million for the three months ended September 30, 2023 and 2022, with increases in consulting, legal, and computer expenses, offset by decreases in compensation and benefit expense. As a percentage of consolidated revenue, corporate overhead was 3.7% for the three months ended September 30, 2023 and 2.6% for the three months ended September 30, 2022.

Segment Comparison - Nine Months Ended September 30, 2023 and Nine Months Ended September 30, 2022

Nurse and Allied Staffing

Revenue decreased $0.6 billion, or 30.1%, to $1.5 billion for the nine months ended September 30, 2023, as compared to $2.1 billion for the nine months ended September 30, 2022, primarily driven by a decline in the number of professionals on assignment as clients continue to right-size their needs and travel bill rates that continued to normalize throughout the year.

Contribution income decreased $122.6 million, or 43.0%, to $162.9 million for the nine months ended September 30, 2023, as compared to $285.5 million for the nine months ended September 30, 2022, driven by decreased revenue and higher direct costs. As a percentage of segment revenue, contribution income margin was 11.0% for the nine months ended September 30, 2023, as compared to 13.5% for the nine months ended September 30, 2022.

The average number of FTEs on contract during the nine months ended September 30, 2023 decreased 14.5% from the nine months ended September 30, 2022, primarily due to headcount decline in travel nurse and local. The average revenue per FTE per day decreased 18.2%, due to the decrease in the average bill rates.

Physician Staffing

Revenue increased $62.3 million, or 90.2%, to $131.4 million for the nine months ended September 30, 2023, as compared to $69.1 million for the nine months ended September 30, 2022, primarily due to an increase in volume in most specialties and an improved mix of higher bill rate specialties.

Contribution income was $7.8 million for the nine months ended September 30, 2023, as compared to $3.8 million for the nine months ended September 30, 2022, driven by higher revenue. As a percentage of segment revenue, contribution income was 6.0% for the nine months ended September 30, 2023, as compared to 5.5% for the nine months ended September 30, 2022.

Total days filled for the nine months ended September 30, 2023 was 68,927, as compared with 38,703 in the prior year. Revenue per day filled was $1,907 as compared with $1,785 in the prior year due to the improved mix of business.

Corporate Overhead

Corporate overhead increased to $54.0 million for the nine months ended September 30, 2023, from $50.3 million for the nine months ended September 30, 2022, primarily due to increases in consulting, legal, and computer expense, partially offset by decreases in compensation and benefit expense. As a percentage of consolidated revenue, corporate overhead was 3.4% for the nine months ended September 30, 2023 and 2.3% for the nine months ended September 30, 2022.

Liquidity and Capital Resources

On June 30, 2023, we repaid all $73.9 million in outstanding obligations under the term loan, and terminated the debt agreement. At September 30, 2023, we reported $14.3 million in cash and cash equivalents, with no borrowings drawn under the ABL. Working capital decreased by $142.3 million to $261.7 million as of September 30, 2023, as compared to $404.0 million as of December 31, 2022, primarily due to a decrease in net receivables, partially offset by the timing of disbursements. As of September 30, 2023, our days' sales outstanding, net of amounts owed to subcontractors, was 67 days, flat year-over-year and up 4 days sequentially. As of September 30, 2023, we did not have any off-balance sheet arrangements.

Operating cash flow constitutes our primary source of liquidity and, historically, has been sufficient to fund working capital, capital expenditures, internal business expansion, and debt service. This includes commitments, both short-term and long-term, of interest expense on our debt and operating lease commitments, and future principal payments on the ABL. We expect to meet our future needs from a combination of cash on hand, operating cash flows, and funds available through the ABL. See debt discussion which follows.

In the third quarter of 2022, the Board of Directors authorized the New Repurchase Program, whereby we may repurchase up to $100.0 million shares of common stock, and during the fourth quarter of 2022, we entered into a Rule 10b5-1 Repurchase Plan to allow for share repurchases during blackout periods, effective through November 2, 2023. In the second quarter of 2023, the Board of Directors authorized the replenishment of the amount available for stock repurchases under the New Repurchase Program back to $100 million, effective for trades made after May 3, 2023. In the third quarter of 2023, we entered into a new Rule 10b5-1 Repurchase Plan to allow for share repurchases during the Company's blackout periods, beginning on January 2, 2024. During the nine months ended September 30, 2023, the Company repurchased and retired a total of 2,038,691 shares of common stock for $51.2 million, at an average price of $25.12 per share. During the nine months ended September 30, 2022, we repurchased and retired a total of 1,014,815 shares of common stock for $24.3 million, at an average price of $23.97 per share. As of September 30, 2023, we had $83.7 million remaining for share repurchase under the New Repurchase Program, subject to certain conditions in our Loan Agreement.

Net cash provided by operating activities increased $106.7 million to $236.4 million for the nine months ended September 30, 2023, as compared to $129.7 million for the nine months ended September 30, 2022.

Net cash used in investing activities was $10.9 million for the nine months ended September 30, 2023, as compared to $6.8 million for the nine months ended September 30, 2022. Net cash used in the nine months ended September 30, 2023 was for capital expenditures and an immaterial amount related to the local business acquisition and the sale of fixed assets. Net cash used in the nine months ended September 30, 2022 was for capital expenditures, primarily related to multiple IT projects.

Net cash used in financing activities during the nine months ended September 30, 2023 was $214.8 million, as compared to $93.7 million used in financing activities during the nine months ended September 30, 2022. During the nine months ended September 30, 2023, we reported net repayments of $150.7 million on debt, and used cash to pay $4.9 million for income taxes on share-based compensation, $51.2 million for share repurchases, $7.5 million for contingent consideration, and an immaterial amount for other financing activities. During the nine months ended September 30, 2022, we used cash to repay borrowings of $50.4 million on the term loan, $2.4 million on a note payable, $5.3 million for income taxes on share-based compensation, $3.2 million in debt issuance costs, $24.3 million for share repurchases, $7.5 million for contingent consideration, and an immaterial amount for other financing activities.

Debt

2021 Term Loan Credit Agreement

On June 8, 2021, we entered into a Term Loan Agreement, which provided for a six-year second lien subordinated term loan in the amount of $100.0 million (term loan). On November 18, 2021, we amended the Term Loan Agreement (Term Loan First Amendment), which provided the Company an incremental term loan in an aggregate amount equal to $75.0 million. On April 14, 2023, we amended the Term Loan Agreement (Term Loan Second Amendment), which provided the option for all or a portion of the borrowings to bear interest at a rate based on the Secured Overnight Financing Rate (SOFR) or the Base Rate, at the election of the borrowers, plus an applicable margin. With respect to any SOFR loan, the rate per annum was equal to the Term SOFR (as defined in the Term Loan Second Amendment) for the interest period plus an adjustment of 10 basis points due to the credit spread associated with the transition to SOFR.

As more fully described in Note 8 - Debt to our condensed consolidated financial statements, on June 30, 2023, we repaid all outstanding obligations under the term loan, and terminated the Term Loan Agreement. As a result, debt issuance costs of $1.7 million were written off in the second quarter of 2023 and are included as loss on early extinguishment of debt in the condensed consolidated statements of operations and comprehensive income. All subsidiary guarantees of the term loan were automatically released upon the termination of the Term Loan Agreement.

2019 Asset-Based Loan Agreement

Effective October 25, 2019, the prior senior credit facility entered into in August 2017 was replaced by a $120.0 million asset-based loan agreement (Loan Agreement), which provides for a five-year senior secured revolving credit facility. On June 30, 2020, we amended the Loan Agreement (First Amendment), which increased the current aggregate committed size of the ABL from $120.0 million to $130.0 million. All other terms, conditions, covenants, and pricing of the Loan Agreement remained the same. On March 8, 2021, we amended the Loan Agreement (Second Amendment), which increased the current aggregate committed size of the ABL from $130.0 million to $150.0 million, increased certain borrowing base sub-limits, and decreased both the cash dominion event and financial reporting triggers. On June 8, 2021, we amended the Loan Agreement (Third Amendment), which permits the incurrence of indebtedness and grant of security as set forth in the Loan Agreement and in accordance with the Intercreditor Agreement, and provides mechanics relating to a transition away from LIBOR as a benchmark interest rate to a replacement alternative benchmark rate or mechanism for loans made in U.S. dollars. On November 18, 2021, we amended the Loan Agreement (Fourth Amendment), whereby the permitted indebtedness (as defined in the Loan Agreement) was increased to $175.0 million. On March 21, 2022, we amended the Loan Agreement (Fifth Amendment), which increased the current aggregate committed size of the ABL from $150.0 million to $300.0 million, extended the credit facility for an additional five years, increased certain borrowing base sub-limits, and provided the option for all or a portion of the borrowings to bear interest at a rate based on SOFR or Base Rate, at the election of the borrowers, plus an applicable margin. On September 29, 2023, we amended the Loan Agreement (Sixth Amendment), which changed the minimum fixed charge coverage ratio from a maintenance covenant to a springing covenant based on excess availability.

As of September 30, 2023, the interest rate spreads and fees under the Loan Agreement were based on SOFR plus 1.60% for the revolving portion of the borrowing base. The Base Rate (as defined by the Loan Agreement) margin would have been 0.50% for the revolving portion. The SOFR and Base Rate margins are subject to monthly pricing adjustments, pursuant to a pricing matrix based on our excess availability under the revolving credit facility. In addition, the facility is subject to an unused line fee, letter of credit fees, and an administrative fee. Borrowing base availability under the ABL was $227.4 million at September 30, 2023, with no borrowings drawn, and $17.9 million of letters of credit outstanding, leaving $209.5 million of excess availability.

See Note 8 - Debt to our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates remain consistent with those reported in our 2022 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to variable interest rate risk associated with our Loan Agreement entered into on October 25, 2019. This agreement charges interest at a rate based on either SOFR, LIBOR, or Base Rate (as defined in the agreement) plus an applicable margin. Our Term Loan Agreement, entered into on June 8, 2021, was repaid and terminated on June 30, 2023.

A 1% change in interest rates would have resulted in interest expense fluctuating approximately $0.6 million and $1.2 million for the nine months ended September 30, 2023 and 2022, respectively. See Note 8 - Debt to our condensed consolidated financial statements.

Other Risks

There have been no material changes to our other exposures as disclosed in our 2022 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this report. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, communicated to management, including the Chief Executive Officer and the Chief Financial Officer, and reported within the time periods specified in the SEC’s rules and forms. The disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports required under the Exchange Act is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, in order to allow timely decisions regarding any required disclosure.

There were no changes in our internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information with respect to certain legal proceedings is included in Part I, Item 1, Note 13 - Contingencies - *Legal Proceedings* of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to our Risk Factors as previously disclosed in our 2022 Form 10-K.

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

(c) Issuer Purchases of Equity Securities

The following table sets forth the number of shares purchased, the average price paid per share, the total number of shares purchased as part of publicly announced programs, and the approximate dollar value of shares that may yet be purchased under the programs during each month in the third fiscal quarter ended September 30, 2023. See Note 11 - Stockholders' Equity contained in "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (b)
(dollar value in thousands, except per share data)				
July 1 through July 31	113,802	$27.07	113,802	$95,329
August 1 through August 31	443,822	$23.02	443,822	$85,114
September 1 through September 30	59,200	$24.66	59,200	$83,654
Total	616,824	$23.92	616,824	$83,654

(a) Shares were repurchased under a $100 million stock repurchase program, authorized by the Board of Directors on August 16, 2022. The program has no expiration date but may be terminated by the Board of Directors at any time. No shares were purchased other than through publicly announced programs during the periods shown.
(b) On May 1, 2023, the Board of Directors authorized approximately $59.0 million in additional share repurchases, such that, effective for trades made after May 3, 2023, the aggregate amount available for stock repurchases under the New Repurchase Program was $100.0 million. Amounts shown in this column reflect amounts remaining under the New Repurchase Program referenced in Note 11 - Stockholders' Equity above.

ITEM 5. OTHER INFORMATION

(c) Trading Plans

Certain directors and officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) of the Company may execute purchases and sales of the Company's common stock through Rule 10b5-1 and non-Rule 10b5-1 equity trading plans. Pursuant to Item 408(a) of Regulation S-K, we are required to disclose whether any director or officer adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as that term is defined in Item 408(c) of Regulation S-K) during the most recently completed quarter.

During the three months ended September 30, 2023, the following trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) was terminated:

Name and Title	Action	Applicable Date[(1)]	Duration of Trading Arrangements	Rule 10b5-1 Trading Arrangement (Y/N)[(2)]	Aggregate Number of Securities Subject to Trading Arrangement
Susan E. Ball Executive Vice President, Chief Administrative Officer, General Counsel and Secretary	Terminated	August 18, 2023	November 4, 2022 - August 18, 2023	Y	Potential sale of 50,625 shares of common stock

(1) Indicates the date that the trading arrangement was terminated.
(2) Denotes whether the contract, instruction, or written plan is intended to satisfy the affirmative defense of Rule 10b5-1(c).

ITEM 6. EXHIBITS

No.	Description
10.1	Amendment No. 6 to ABL Credit Agreement, dated as of September 29, 2023, by and among Cross Country Healthcare, Inc. and certain of its domestic subsidiaries as borrowers or guarantors, and Wells Fargo Bank National Association, as administrative agent, collateral agent, and lender (Previously filed as an exhibit to the Company's Form 8-K dated October 2, 2023 and incorporated by reference herein.)
*31.1	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) by John A. Martins, President, Chief Executive Officer, Director (Principal Executive Officer)
*31.2	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) by William J. Burns, Executive Vice President, Chief Financial Officer (Principal Financial Officer)
**32.1	Certification pursuant to 18 U.S.C. Section 1350 by John A. Martins, President, Chief Executive Officer, Director (Principal Executive Officer)
**32.2	Certification pursuant to 18 U.S.C. Section 1350 by William J. Burns, Executive Vice President, Chief Financial Officer (Principal Financial Officer)
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
#	Represents a management contract or compensatory plan or arrangement
*	Filed herewith
**	Furnished herewith

SIGNATURES

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

	CROSS COUNTRY HEALTHCARE, INC.	
Date: November 2, 2023	By:	/s/ William J. Burns
		William J. Burns Executive Vice President & Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.1

Certification

I, John A. Martins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cross Country Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ John A. Martins

John A. Martins
President & Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification

I, William J. Burns, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cross Country Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ William J. Burns

William J. Burns
Executive Vice President & Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the accompanying Quarterly Report on Form 10-Q of Cross Country Healthcare, Inc. (the Company) for the quarterly period ended September 30, 2023, (the "Periodic Report"), I, John A. Martins, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Periodic 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 Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 2, 2023	/s/ John A. Martins
		John A. Martins President & Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cross Country Healthcare, Inc. and will be retained by Cross Country Healthcare, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is provided solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 32.2

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

In connection with the accompanying Quarterly Report on Form 10-Q of Cross Country Healthcare, Inc. (the "Company") for the quarterly period ended September 30, 2023, (the "Periodic Report"), I, William J. Burns, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Periodic 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 Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 2, 2023	/s/ William J. Burns
		William J. Burns Executive Vice President & Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cross Country Healthcare, Inc. and will be retained by Cross Country Healthcare, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is provided solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2002.