

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2000	1999	1998
(in thousands)			
Cash flows from operating activities:			
Net income	\$ 16,900	\$ 9,358	\$ 9,123
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,969	7,604	4,239
Write-off of software development costs	—	1,438	—
Deferred income taxes	1,955	1,586	2,748
Bad debt expense	1,475	699	575
Loss (gain) on disposition of assets	81	(182)	(75)
Changes in operating assets and liabilities:			
Accounts receivable	(32,484)	(8,855)	(5,559)
Prepaid expenses	1,547	(5,863)	(884)
Other assets	1,282	808	(3,074)
Accounts payable	(1,291)	232	1,134
Payroll taxes and other payroll deductions payable	36,401	(5,089)	7,417
Accrued worksite employee payroll expense	25,987	12,206	1,008
Other accrued liabilities	5,082	989	(1,129)
Income taxes payable/receivable	5,686	2,885	(1,580)
Total adjustments	57,690	8,458	4,820
Net cash provided by operating activities	74,590	17,816	13,943
Cash flows from investing activities:			
Marketable securities:			
Purchases	(27,310)	(13,459)	(49,019)
Proceeds from dispositions	19,466	31,517	25,282
Property and equipment:			
Purchases	(15,445)	(13,848)	(17,918)
Investment in software development costs	(4,769)	(5,166)	(2,499)
Proceeds from dispositions	224	165	86
Investments in other companies	(5,789)	—	—
Net cash used in investing activities	(33,623)	(791)	(44,068)
Cash flows from financing activities:			
Proceeds from the sale of units consisting of common stock and common stock purchase warrants	—	—	17,588
Purchase of treasury stock	(2,581)	(16,132)	(6,101)
Proceeds from the sale of common stock put warrants	125	119	—
Proceeds from the exercise of common stock purchase warrants	—	—	635
Proceeds from the exercise of stock options	5,695	644	867
Loans to employees	—	187	—
Other	76	87	96
Net cash provided by (used in) financing activities	3,315	(15,095)	13,085
Net increase (decrease) in cash and cash equivalents	44,282	1,930	(17,040)
Cash and cash equivalents at beginning of year	25,451	23,521	40,561
Cash and cash equivalents at end of year	\$ 69,733	\$ 25,451	\$ 23,521
Supplemental disclosures:			
Cash paid for income taxes	\$ 2,073	\$ 383	\$ 4,326

See accompanying notes.