

Risk Factors Comparison 2025-02-21 to 2024-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Our business, financial condition, results of operations and cash flows are subject to, and could be materially adversely affected by, various risks and uncertainties, including, without limitation, those set forth below, any one of which could cause our actual results to vary materially from recent results or our anticipated future results. These risk factors are grouped by category and are presented in order of their relative priority in each respective category.

Risks Related to Our Business The U. S. professional staffing and solutions industry in which we operate is significantly affected by fluctuations in general economic and employment conditions. Demand for our services, generally speaking, can be significantly affected by the general level of economic activity and employment in the U. S. Even in a strong demand environment, without significant uncertainty and volatility, it is difficult for us to forecast future demand for our services due to the inherent challenge in forecasting the strength of economic cycles, availability of **candidates and consultants** ~~and candidates~~ and the short- term nature of many of our agreements. As economic activity slows, companies may defer or terminate projects for which they utilize our services or reduce their use of consultants. In addition, an economic downturn or recession could result in an increase in the unemployment rate and a deceleration of growth in the segments in which we and our clients operate. We may also experience more competitive pricing pressures during periods of economic downturn. Any substantial economic downturn, including an environment with significant inflationary and / or recessionary pressures, in the U. S. or global impact on the U. S., could have a material adverse effect on our business, financial condition and operating results. Significant declines in business or a loss of a significant client could have a material adverse effect on our revenues and financial results. **We primarily provide Part of our business strategy includes enhancing our service offerings and relationships with larger consumers of our services to Fortune 500 and other similarly sized companies,** which is intended to provide relative durability to our revenue stream during adverse economic environments and enable us to grow our revenues more profitably. However, it also creates the potential for concentrating a significant portion of our revenues among our largest clients and exposes us to increased risks arising from decreases in the volume of business from, the pricing of business with, or the possible loss of business, with these clients. Organizational changes occurring within those clients, a deterioration of their financial condition or business prospects, or a change in their business strategies could reduce their need for our services and result in a significant decrease in the revenues we derive from those clients, which could have a material adverse effect on our financial results. Kforce' s current market share may decrease as a result of limited barriers to entry for new competitors and discontinuation of clients looking to outside providers to support their talent needs. The staffing services market is highly competitive with limited barriers to entry. The competition among staffing and solutions ~~firms~~ **companies** is intense and we face significant competition in the markets we serve. We compete in national, regional and local markets with full- service and specialized temporary staffing and consulting companies. Additionally, the emergence and popularity of online staffing platforms as well as internal recruiting functions used by some clients as an alternative, may pose a competitive threat to our services. Some of our competitors possess substantially greater resources than we do and others may develop new and unique technologies, which may better position these competitors in certain markets. As a result, we may face increased competitive pricing pressures. We also face the risk that certain of our current and prospective clients will decide to provide similar services internally. Furthermore, many clients are retaining third parties to provide vendor management services, which may subject us to greater risks or lower margins. **Decreases in market share could have a material adverse effect on our business, financial condition and operating results.** New business initiatives and strategic changes may divert management' s attention from normal business operations or may not be successful, which could have an adverse effect on our performance. We ~~have been and~~ expect to continue allocating significant investments **(and the attention of executive management and many of our leaders)** towards our **strategic priorities, including** ~~multi- year transformation program for our back- office technology, investing in our managed teams and project solutions capabilities, and evolving~~ **transformation program technology, investing in our managed teams and project solutions capabilities, and evolving involving the implementation of Workday, integrated strategy, and the evolution of** our nearshore and offshore ~~delivery strategy- capability, including the establishment and maturity of our India development center in Pune, India~~ . These ~~improved capabilities strategic priorities~~ are expected to help deliver exceptional service to **enhance the support and experience of** our clients, consultants and candidates ~~and improve,~~ **contribute to** the ~~productivity- attainment~~ of our associates **long- term profitability objectives** and **generate significant shareholder value** ~~the scalability of our organization~~ . New business strategies and initiatives, such as these, can be distracting to our management team and associates, and can also be disruptive to our operations. New business initiatives could also involve significant unanticipated challenges and risks, including **, but not limited to:** not advancing our business strategy ~~;~~ not realizing the expected return on the investment ~~;~~ experiencing difficulty in implementing initiatives, **new processes and internal controls;** or diverting management' s attention from our other businesses. New business initiatives and strategic changes in the composition of our business mix ~~can be a diversion to our management' s attention from other business concerns and~~ could be disruptive to our operations, which could ~~cause~~ **have a material adverse effect on** our business, financial condition and operating results ~~of~~ . **Our planned nearshore and offshore strategies expose us to additional business, financial, regulatory, geopolitical and other related risks, which may have a material adverse effect on our business. We continue to evolve our nearshore and offshore capabilities to further enhance our service offerings to our clients by engaging with nearshore and offshore third- party suppliers. We are reliant upon our third- party suppliers' compliance with applicable laws and contractual obligations. We also recently expanded our offshore capabilities to include a development center in Pune, India to enhance our service offerings to our clients. Additional risks related to our nearshore and offshore capabilities include: difficulties staffing and managing**

foreign operations ; exposure to suffer changes in economic and geopolitical and business conditions; compliance with foreign laws and regulations; and fluctuations in foreign currency exchange rates and tax compliance. If we are unable to successfully control or predict these risks, it could have a materially-- material adverse effect on our business, financial condition and operating results . Kforce may not be able to recruit and retain qualified consultants and candidates. Kforce depends upon its ability to attract and retain consultants and candidates, particularly in technology disciplines, who possess the skills and experience necessary to meet the requirements of our clients. We must continually evaluate and upgrade our methods of attracting qualified consultants and candidates to keep pace with changing client needs and emerging technologies. We expect significant competition for individuals with proven technical or professional skills to continue or increase for the foreseeable future given the scarcity of highly skilled consultants and candidates, especially in our Technology business. If qualified individuals are not available to us in sufficient numbers and upon economic terms acceptable to us, it could have a material adverse effect on our business. Kforce faces significant employment- related legal risk. Kforce employs consultants either in the workplaces of our clients or virtually. Inherent risks in our business include possible claims of or relating to: discrimination and harassment; wrongful termination; violations of employment rights related to employment screening or privacy issues; misclassification of workers as employees or independent contractors; violations of wage and hour requirements and other labor laws; employment of illegal aliens; criminal activity; torts; breach of contract; failure to protect confidential personal information; intentional criminal misconduct; misuse or misappropriation of client intellectual property; employee benefits; or other claims. U. S. courts in recent years have been receiving large numbers of wage and hour class action claims alleging misclassification of overtime- eligible workers and / or failure to pay overtime- eligible workers for all hours worked. In some situations, as a practical matter, we may not be in control of the work environment. Additionally, in some circumstances, we are contractually obligated to indemnify our clients against such risks. Such claims may result in negative publicity, injunctive relief, criminal investigations and / or charges, civil litigation, payment by Kforce of defense costs, monetary damages or fines that may be significant, discontinuation of client relationships or other material adverse effects on our business. To reduce our exposure, we maintain policies, procedures and guidelines to promote compliance with laws, rules, regulations and best practices applicable to our business. Even claims without merit could cause us to incur significant expense or reputational harm. We also maintain insurance coverage for professional liability, fidelity, employment practices liability and general liability in amounts and with deductibles that we believe are appropriate for our operations. However, our insurance coverage may not cover all potential claims against us, may require us to meet a deductible or may not continue to be available to us at a reasonable cost. In this regard, we face various employment- related risks not covered by insurance, such as wage and hour laws and employment tax responsibility. Kforce may not be able to utilize the services of our third- party suppliers. **We source some of our consultants as independent contractors or through independent third- party suppliers.** Our third- party suppliers may be impacted by economic conditions and cycles as well as changing laws and regulatory requirements, which could impact their ability to do business with us, or cause us to terminate our relationship with them, and require us to find replacements, which we may have difficulty doing. Without the use of our third- party suppliers, we may be unable to provide a sufficient number of consultants with the required skills and expertise to our clients, which may result in reduced client satisfaction. A reduced pool of candidates may prevent us from expanding into new markets. This lack of flexibility and adaptability can hinder the Firm' s growth potential, which could have a material adverse effect on our business. Kforce may be adversely affected by utilizing third- party software providers. An inherent risk of using a third- party software ~~provide~~ **providers** is ~~the dependency~~ **dependence** on their performance, reliability and availability. Any issues or downtime experienced by the provider may impact our operations and productivity. Third- party software solutions may not always fully align with our specific business requirements or workflows. Customization options might be limited, making it challenging to tailor the software to **meet** our exact needs, which may hinder our ability to optimize processes and achieve maximum efficiency. Relying on third- party solutions may result in higher costs over time ~~;~~ **due to subscription fees and licensing costs** , **may become unavailable** for support or upgrades **a prolonged period of time** , which could have a material adverse effect on our financial results. Kforce may be exposed to unforeseeable negative acts by our personnel that could have a material adverse effect on our business. An inherent risk of employing people is that they may have access or may gain access to information systems and confidential information. The risks of such activity include possible acts of errors and omissions; intentional misconduct; release, misuse or misappropriation of client intellectual property, confidential information, personally identifiable information, funds, or other property; data privacy or cybersecurity breaches affecting our clients and / or us; or other acts. Misconduct by our employees **or consultants** could include intentional or unintentional failures to comply with federal government regulations, engaging in unauthorized **or fraudulent** activities, or improper use of our clients' sensitive or classified information, potentially in collusion with third parties, which could result in regulatory or criminal sanctions against us and serious harm to **us and our reputation-clients** . It is not always possible to deter employee misconduct, and precautions to prevent and detect any such misconduct may not be effective in controlling such risks or losses, which could have a material adverse effect on our business. In addition, any such misconduct may give rise to litigation, which could be time- consuming and expensive. To reduce our exposure, we maintain policies, procedures and insurance coverage for types and amounts we believe are appropriate in light of the aforementioned potential exposures. There can be no assurance that the corporate policies and practices we have in place to help reduce our exposure to these risks will be effective or that we will not experience losses as a result of these risks. In addition, our insurance coverage may not cover all potential claims against us, may require us to meet a deductible or may not continue to be available to us at a reasonable cost. Kforce' s success depends upon retaining the services of its management team and key operating employees. Kforce is highly dependent on the efforts, expertise and abilities of its leaders to drive the Firm' s strategic **priorities, achieve its financial** objectives and ~~achieve future success~~ **generate long-term shareholder returns** . The loss of the services of any key executive for any reason could have a material adverse effect on Kforce. To attract and retain executives and other key employees (~~particularly management, client servicing and consultant and~~

candidate recruiting employees)- in a competitive marketplace, we must provide a competitive compensation package, including a mix of cash- based and equity- based compensation. Kforce expends significant resources in the recruiting and training of its employees, as the pool of available applicants for these positions is limited. The loss or any sustained attrition of our key operating employees could have a material adverse effect on our business, including our ability to establish and maintain client, consultant and candidate, professional and technical relationships. Risk Related to Cybersecurity and Technology Cybersecurity risks and cyber incidents could adversely affect our business and disrupt operations. We are continuously exposed to unauthorized attempts to compromise sensitive information from network or information technology used by our associates and consultants. Attacks on information technology systems continue to grow in frequency and sophistication. These attacks include, but are not limited to, attempts to gain unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. While we have policies, procedures and systems in place to prevent, deter and detect cyberattacks or security incidents, and, although **, to our knowledge** we have not experienced a material data breach **as of the date of this report**, we remain vulnerable to sophisticated techniques used to obtain unauthorized access, or cause system interruption, that change frequently and may not produce immediate signs of intrusion. As a result, we may be unable to anticipate these incidents or techniques, timely discover them or implement adequate preventative measures. Any cyberattack, unauthorized intrusion, malicious software infiltration, network disruption, corruption of data, misuse or theft of private or other sensitive information, or inadvertent acts by our associates, consultants or third- party independent contractors, could result in the disclosure or misuse of confidential or proprietary information, and could adversely impact our systems, services, operations, financial results and reputation with clients and potential clients. The collection, possession and use of personal information and data in conducting our business subjects us to legislative and regulatory burdens and compliance risk. Other results of these incidents could include, but are not limited to, increased cybersecurity protection costs, litigation, regulatory penalties, monetary damages and reputational damage adversely affecting client or investor confidence. We may be required to incur significant expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations. We maintain cyber risk insurance, but this insurance may not be sufficient to cover all of our losses suffered as a result of a breach of our systems or information. Our information technology may not provide sufficient protection, and as a result we may lose significant information about us, our employees, candidates, consultants, vendors, or clients. Additionally, many of our information technology systems and networks are cloud-based or managed by third parties, whose future performance and reliability we cannot control. The risk of a cyberattack or security breach on a third party carries the same risks to Kforce as those associated with our internal systems. We seek to reduce these risks by performing vendor due diligence procedures prior to engaging with any third- party vendor who will have access to sensitive data. Additionally, we require audits of certain third parties' information technology processes on an annual basis. However, there can be no assurance that such parties will not experience cybersecurity incidents that could adversely affect our employees, consultants, customers and businesses, or that our audit or diligence processes will successfully deter or prevent such breach. Kforce depends on the proper functioning of its information systems. Kforce is dependent on the proper functioning of information systems in operating our business. Critical information systems are used in every aspect of our daily operations, perhaps most significantly, in the identification and matching of resources to client assignments and in the client billing and consultant or vendor payment functions. Kforce' s information systems may not perform as expected and are vulnerable to damage or interruption, including natural disasters, fire or casualty, theft, technical failures, terrorist acts, cybersecurity breaches, power outages, telecommunications failures, physical or software intrusions, computer viruses, employee errors or other events. While many of our systems are cloud- based, certain of our systems are still on **location-premise**. Our corporate headquarters and data center are located in a hurricane- prone area. Failure or interruption of our critical information systems may require significant additional capital and management resources to resolve, which could have a material adverse effect on our business. **Use of AI may result in operational challenges, legal liability, reputational and privacy concerns, and competitive risks.** Our ~~failure-~~ **business utilizes certain AI capabilities, which are likely to expand** keep pace with technological change in ~~the~~ **our industry could potentially place us at a competitive disadvantage.** Our future success. **This introduces certain risks including dependency on accurate AI performance, potential data privacy and security breaches, challenges in regulatory compliance, ethical considerations, potential workforce disruption, the risk of intellectual property infringement, and emerging technology risks. While we have established policies governing the use of AI technology, and we safeguard our assets, including intellectual property and sensitive information, we cannot ensure that our employees, consultants and third- party vendors would adhere to those policies. If we fail to adequately address these risks and maintain sufficient oversight as rapidly as AI technology is likely to depend in part on changing, it may negatively impact** our ability to ~~operations,~~ **reputation and financial performance. This challenge is further complicated by rapidly evolving regulations governing the permitted uses of AI. Additionally, other unforeseen risks stemming from our use and development of AI tools and technology may arise in the future if we cannot** successfully keep pace with technological changes and advances occurring across ~~which could adversely affect~~ our industry. Our business is ~~reliant on a variety of systems and technologies,~~ **financial condition** including those that support consultant and candidate searching and matching, hiring and tracking, order management, billing and client data analytics. Our success depends in part on our ability to keep pace with rapid technological advancements in the development and implementation of these services. If our systems become outdated, or if our investments in technology fail to provide the expected results **of operations**, then we may be unable to maintain our technological capabilities relative to our competitors and our business could be negatively affected.

Risks Related to Legal, Compliance and Regulatory Matters Kforce may be adversely affected by immigration restrictions and reform. Our Technology business utilizes a significant number of foreign nationals employed by us on work visas, primarily under the H- 1B visa classification. While Kforce engages persons with multiple types of legal work authorizations and visas, the H- 1B visa is of particular use in our industry and enables U. S. employers to hire qualified foreign nationals, subject to

legislative and administrative changes, as well as changes in the application of standards and enforcement. Immigration laws and regulations can be significantly affected by changes in administration **(including the most recent change)**, other political developments and levels of economic activity. Current and future restrictions on the availability of such work visas could restrain our ability to employ the skilled professionals we need to meet our clients' needs, which could have a material adverse effect on our business. ~~The U. S. Citizenship and Immigration Service ("USCIS") continues to closely scrutinize companies seeking to sponsor, renew or transfer H-1B status, including Kforce and Kforce's third-party independent contractors, and has issued internal guidance to its field offices that appears to narrow the eligibility criteria for H-1B status in the context of staffing services. In addition to USCIS restrictions, certain aspects of the H-1B program are also subject to regulation and review by the U. S. Department of Labor and U. S. Department of State, which have recently increased enforcement activities in the program.~~ Vigorous enforcement and legislative or executive action relating to immigration could adversely affect our ability to recruit or retain foreign national consultants, and consequently, reduce our supply of skilled consultants and candidates, and subject us to fines, penalties and sanctions, or result in increased labor and compliance costs. Reclassification of our independent contractors by tax or regulatory authorities could have a material adverse effect on our business model and / or could require us to pay significant retroactive wages, taxes and penalties. We utilize individuals to provide services in connection with our business as qualified third-party independent contractors rather than our direct employees. **While we have policies and procedures in place to ensure that the third-party independent contractors are qualified,** ~~Heightened~~ **heightened** state and federal scrutiny of independent contractor relationships could adversely affect us given that we utilize independent contractors to perform our services. An adverse determination related to the independent contractor status of these subcontracted personnel could result in substantial taxes or other liabilities to us, which could result in a material adverse effect upon our business. Significant increases in wages or payroll-related costs could have a material adverse effect on our financial results. Kforce is required to pay a number of federal, state and local payroll and related costs or provide certain benefits such as paid time off, sick leave, unemployment taxes, workers' compensation and insurance premiums and claims, FICA and Medicare, among others, related to our employees. Costs could also increase as a result of health care reforms or the possible imposition of additional requirements and restrictions related to the placement of personnel. We may not be able to increase the fees charged to our clients in a timely manner or in a sufficient amount to cover these potential cost increases. Adverse results in tax audits or interpretations of tax laws could have an adverse impact on our business. Kforce is subject to periodic federal, state and local tax audits for various tax years. We are also required to comply with new, evolving or revised tax laws and regulations. The Tax Cuts and Jobs Act, enacted in December 2017, provided a significant reduction in the corporate tax rate, ~~but,~~ **Although** the current administration ~~continues to scrutinize~~ **may extend these tax cuts, there is no assurance that these tax cuts will be extended** and ~~other could potentially modify~~ **may be modified**, which could ~~have a materially~~ **material adverse affect-effect on** our tax obligations and the effective tax rate. Although Kforce attempts to comply with all taxing authority regulations, adverse findings or assessments made by taxing authorities as the result of an audit could have a material adverse effect on Kforce. Kforce may be adversely affected by government regulation of our business and of the workplace. Our business is subject to regulation and licensing in many states. There can be no assurance that we will be able to continue to obtain all necessary licenses or approvals or that the cost of compliance will not prove to be material. If we fail to comply, such failure could have a material adverse effect on our financial results. ~~A large part~~ **The vast majority** of our business entails ~~employing individuals~~ **placing consultants on a staffing assignment (or as part of a project team)** on a temporary basis and placing such individuals in client workplaces. Increased government regulation of the workplace or of the employer / employee relationship could have a material adverse effect on Kforce. For example, changes to government regulations, including changes to statutory hourly wage and overtime regulations, could adversely affect the Firm's results of operations by increasing its costs. Due to the substantial number of state ~~and,~~ local **and international** jurisdictions in which we operate and the disparity among state and local laws that continues to accelerate, there also is a risk that we may be unaware of, or unable to adequately monitor, actual or proposed changes in, or the interpretation of, the laws or governmental regulations of such states and localities. Any delay in our compliance with changes in such laws or governmental regulations could result in potential fines, penalties or other sanctions for non-compliance. Significant loss or suspension of our facility security clearances with the federal government could lead to a reduction in our revenues, cash flows and operating results. We act as a subcontractor to the U. S. federal government and many of its agencies. Some government subcontracts require us to maintain facility security clearances and require some of our employees to maintain individual security clearances. If our employees lose or are unable to timely obtain security clearances, or we lose a facility clearance, a government agency client may terminate the subcontract or decide not to renew it upon its expiration. In addition, a security breach by us could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on sensitive or classified systems for federal government clients. General Risk Factors Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the control system are met. If our management is unable to certify the effectiveness of our internal controls, including those over our third-party vendors, our independent registered public accounting firm cannot render an opinion on the effectiveness of our internal controls over financial reporting, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could cause our stock price to decline. Provisions in Kforce's articles and bylaws and Florida law may have certain anti-takeover effects. Kforce's articles of incorporation and bylaws and Florida law contain provisions that may have the effect of inhibiting a non-negotiated merger or other business combination. In particular, our articles of incorporation provide for staggered Board terms and permit the removal of directors only for cause. Additionally, the Board may issue up to 15 million shares of preferred stock, and fix the rights and preferences thereof, without

a further vote of the shareholders. In addition, certain of our officers and managers have employment agreements containing certain provisions that call for substantial payments to be made to such employees in certain circumstances after a change in control. Some or all of these provisions may discourage a future acquisition of Kforce, including an acquisition in which shareholders might otherwise receive a premium for their shares. As a result, shareholders who might desire to participate in such a transaction may not have the opportunity to do so. Moreover, the existence of these provisions could negatively impact the market price of our common stock. Our business could be negatively affected as a result of activist shareholders. We may be subject, from time to time, to legal and business challenges in the operation of our company due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of the Board and management from the pursuit of our business strategies. Perceived uncertainties as to our future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability and may affect our relationships with vendors, customers and prospective and current employees and consultants. Kforce's stock price may be volatile. The market price of our stock has fluctuated substantially in the past and could fluctuate substantially in the future based on a variety of factors, including our operating results, changes in general conditions in the economy, the financial markets, the staffing industry, a decrease in our outstanding shares or other developments affecting us, our clients, or our competitors; some of which may be unrelated to our performance. In addition, the stock market in general, especially NASDAQ, along with market prices for staffing companies, has experienced historical volatility that has often been unrelated to the operating performance of these companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating results. Among other things, volatility in our stock price could mean that investors will not be able to sell their shares at or above the prices they pay. The volatility also could impair our ability in the future to offer common stock as a source of additional capital or as consideration in the acquisition of other businesses, or as compensation for our key employees. ~~Kforce may be negatively affected by outbreaks of disease, such as epidemics or pandemics. The COVID-19 economic and health crisis (including all of its variants) impacted many of our clients' business operations due to reduced demand, which in some cases was caused by government closures and / or initiatives to reduce costs or preserve cash, thereby decreasing demand for our services and / or adversely affecting our profitability and collectability of our accounts receivable. Outbreaks of disease, including epidemics and pandemics, can affect our operations and financial performance if potential new variants are declared, vaccines are mandated, and government actions to prevent and manage disease spread. Outbreaks of diseases could negatively affect our business, financial position, results of operations and / or cash flows in the future.~~ Increased scrutiny and changing expectations from stakeholders with respect to ESG practices and the impacts of climate change may result in additional costs or risks. Companies across many industries are facing increasing scrutiny related to their ESG practices. Investor advocacy groups, certain institutional investors and other influential investors and regulators such as the SEC, among others, are increasingly focused on ESG practices and, in recent years, have placed increasing importance on the non-financial impacts of their investments. **The increased scrutiny by these constituencies has also resulted in several of our clients requiring us to adhere to their internal corporate commitments regarding ESG matters.** Furthermore, increased public awareness and concern regarding environmental risks, including global climate change, may result in increased public scrutiny of our business and our industry. If environmental laws or regulations, industry standards or client requirements are either changed or adopted and impose significant operational and compliance requirements on our operations, our business, results of operations, financial condition and competitive position could be negatively impacted. Additionally, uncharacteristic or significant weather conditions may increase in frequency or severity due to climate change and can affect travel and the ability of businesses to remain open, which could lead to decreased ability to offer our services and negatively affect our results of operations. Kforce may maintain levels of debt that exposes us to interest rate risk and contains restrictive covenants that could trigger prepayment of obligations or additional costs. We have a credit facility consisting of a revolving line of credit of up to \$ 200. 0 million, subject to certain limitations. Borrowings under the credit facility are secured by substantially all of the tangible and intangible assets of the Firm ~~and certain other designated collateral~~. Adverse changes in credit markets, including increases in interest rates, could increase our cost of borrowing and / or make it more difficult to refinance our existing indebtedness, if necessary. Kforce is subject to certain affirmative and negative covenants under our credit facility. Our failure to comply with such restrictive covenants could result in an event of default, which, if not cured or waived, could result in Kforce being required to repay the outstanding balance before the due date. If this occurs, we may not be able to repay our debt or we may be forced to refinance on terms not acceptable to us, which could have a material adverse effect on our operating results and financial condition. **13**