

Smith + Howard gets private equity funding

By Michael Cohn November 15, 2022, 12:58 p.m. EST

Smith + Howard, a Regional Leader firm based in Atlanta, received an undisclosed amount of funding Tuesday from Broad Sky Partners, a private equity firm based in New York, in the most recent example of the PE industry investing in accounting firms.

As has become common in such deals, going forward, Smith + Howard PC and its affiliate Smith + Howard Advisory LLC will operate in an "alternative practice structure." The licensed CPA firm, Smith + Howard PC, will continue to provide audit and other attest services to its clients, while Smith + Howard Advisory LLC, the part where Broad Sky invested, will provide tax, accounting and advisory services to clients.



Courtesy of Smith + Howard

A number of prominent accounting firms have received private equity funding in recent years, including EisnerAmper, Citrin Cooperman, Cherry Bekaert and Schellman & Co. The trend is expected to continue, with Marcum reportedly looking to close a private equity investment deal, according to the Financial Times, although rising interest rates at lenders have delayed the timing. A Marcum spokesperson recently declined to comment.

Financial details of the deal involving Smith + Howard were not disclosed. Smith + Howard ranked No. 13 on Accounting Today's Regional Leaders list of the Top Firms in the Southeast, with \$37.5 million in annual revenue. The firm, which dates back about 50 years, specializes in tax, accounting and advisory services to middle-market businesses, nonprofits, and high-net-worth families. The investment is expected to expand Smith + Howard's advisory services, increase its geographic footprint, and accelerate its technology services through acquisitions and other strategic investments.

"This is an incredibly exciting time for Smith + Howard, our clients and our employees," said Smith + Howard Advisory LLC CEO Sean Taylor in a statement Tuesday. "Broad Sky's recognition of the unique value of Smith + Howard speaks strongly to what those who came before us established, to what our current team is developing, and to a very bright future for decades to come. We are drawn to the common values shared between Smith + Howard and Broad Sky Partners and to Broad Sky's commitment to building enduring businesses through sustainable growth."

Broad Sky may be planning further investments in the accounting field. "We see significant tailwinds at the intersection of outsourcing, workforce virtualization and advisory services," said Adam Glucksman, a partner at Broad Sky Partners who leads the firm's investments within business services, in a statement. "The accounting and financial advisory services landscape is a rapidly evolving space we've been watching for a long time. We look forward to working with the talented Smith + Howard team to lead through expanding our service offerings."

Koltin Consulting Group CEO Allan Koltin was the financial advisor for both firms on the deal.

"Smith+Howard is known as *the* 'local firm with a national reputation,'" he wrote in an email. "As the 125th largest CPA firm in the country, they are viewed amongst the profession as one of the most successful and innovative firms nationally. They are blessed to have great leadership, amazing talent and 'off the chart' client service. Smith+Howard was courted by over a dozen private equity firms but chose Broad Sky as their strategic and capital partner. Both Smith+Howard and Broad Sky believed they could create something really special in the profession. The Broad Sky leadership team brought to the table an amazing understanding of the accounting profession and a shared strategic vision of what it would take to build a successful regional powerhouse."

Morrison Cohen LLP served as legal advisor to Broad Sky Partners, while Hunton Andrews Kurth LLP was legal advisor to Smith + Howard on the transaction. Hunton Andrews Kurth's team included Matthew Boshier, Richard Warren, Megan Kaufmann, Jordan Sisco, Ryan Glasgow, L. Scott Austin, Alexander McGeoch and Caitlin Scipioni. Hunton Andrews Kurth was also involved in PE funding involving accounting firms Cherry Bekaert and Schellman & Co.