

## CohnReznick merges in Daszkal Bolton

By Michael Cohn - March 03, 2023, 2:54 p.m. EST

CohnReznick, a Top 25 Firm based in New York, has expanded in Florida by adding Daszkal Bolton, a Regional Leader headquartered in Boca Raton, effective March 1.

The merger represents the latest M&A deal for CohnReznick in Florida and other parts of the country. The firm now has approximately 350 Florida-based team members with offices in Boca Raton, Sunrise, Jupiter and Miami.

Financial terms of the deal were not disclosed. CohnReznick ranked No. 14 on Accounting Today's list of the Top 100 Firms of 2022 and earned \$890 million in annual revenue last year. Daszkal Bolton ranked No. 9 on the Regional Leaders list for the Gulf Coast and earned \$45 million in annual revenue. CohnReznick has 315 partners, over 4,100 employees and 27 offices, while Daszkal Bolton has 19 partners, 230 employees and three offices.



*Daszkal Bolton managing partner Tim Devlin (left) with CohnReznick CEO David A. Kessler (right) at the Boca Raton, Florida office. Photo: Robin Roslund*

"We've been in discussions for a while with Daszkal Bolton," said CohnReznick CEO David Kessler. "Fortunately, we were able to get them to join us. With that comes about \$45 million in revenue, and 230 people in three locations in Fort Lauderdale, Boca and Jupiter. And then we have Miami, so we're going to run it as a South Florida region. We have big goals to expand and double in size in the relatively near term. We have about 80 employees throughout Florida, as CohnReznick, and when you add their 230 folks and 18 partners, we start to get to a good size and scale. We have a lot of clients from the Northeast that have relocated to South Florida and are doing business in South Florida."

He sees opportunities to build some of CohnReznick's practice areas. "We build out our real estate, financial services, hospitality, manufacturing, distribution, technology, and family office practice," said Kessler. "They have a family office and athletes in Jupiter and Boca, and we have a big entertainment and family office practice in New York and Los Angeles. There are a lot of synergies there. They bring some international tax expertise with two partners, and one partner with state and local tax. We have a big state and local tax group."

"Then there are the advisory synergies," he continued. "They have a nice transaction advisory practice. That's a niche practice doing reps, warranties and claim work for insurance companies. That pairs well with our quality of earnings, transaction advisory, valuation, restructuring, forensic and litigation practices."

Daszkal Bolton managing partner Tim Devlin will still lead the Boca Raton, Fort Lauderdale, and Jupiter offices, in conjunction with Mike Micholas, who leads the Miami office and the Mid-Atlantic region for CohnReznick. Devlin's fellow DB executive committee members, Teri Kaye, Scott Walters and Brett Burgan, will also continue to lead in their own practice areas.

CohnReznick plans to hire more staff and expand the Florida team across advisory, assurance and tax disciplines.

### **Behind the deal**

Daszkal Bolton recently celebrated its 30th anniversary as a firm and was looking for ways to grow.

"We hit a point where we were looking strategically at what we were missing to go to the next level," said Devlin. "What we were finding is that our staff were looking for more opportunities and larger clients to work on things. Ultimately, we would train people up, and then they might leave and go to a larger firm because they were looking for more opportunities than we had. We hated seeing that. The second thing is technology. Technology continues to change the business, and we were unable on our own to develop the technology necessary to compete in today's day and age."

Another factor behind the decision was the difficulty in recruiting new accounting talent. "We have done a very good job over the years of bringing talent in and having our team members stay with us for many, many years," said Devlin. "But what we were finding is we used to have an intern department program that did a great job of getting kids out of school and having them join us and learn with us and go up through the firm. Our program there with local universities has kind of dried up and you need a more robust program than we had. CohnReznick has a great on-campus recruiting program working with [hundreds of] universities. I went to the University of Florida, but we could never get to the University of Florida to recruit because it was four-and-a-half hours away. To really make an impact, you've got to be on campus for not just one day, but all the time. It's things like that we hope to benefit from, because we know once people come and work with us, they want to stay."

There were also geographic goals, according to Devlin: "[CohnReznick was] in Miami, but we were not in Miami. We had thought about that for the longest time, but never found a firm that was culturally like us to join us down there, so this is another great opportunity, because we've got business down there as well."

Koltin Consulting Group CEO Allan Koltin advised both firms on the combination. "It was all about strategic fit and culture," he said. "Daszkal Bolton was unique in that they had a fiercely independent, highly entrepreneurial culture with lots of young talent. What they didn't have was the depth of industry expertise and the deep, deep service offerings that CohnReznick had. They are also based in South Florida, which is growing as fast as any other part of the country but has the same challenges of all firms in terms of finding talent. By combining forces with CohnReznick, 'overnight' they will be able to leverage their talent and technology and grow at an even faster pace. More importantly, this will create immediate and accelerated growth opportunities for their young talent."

CohnReznick has done two other mergers in the past two years, adding BKM Sowan Horan in Dallas last October and Kevin P. Martin and Associates in October 2021.

CohnReznick may be expanding in other parts of the U.S. with further M&A deals as well. "We're hopeful that we'll have some more this year," said Kessler. "We were always looking at firms that are synergistic. It's got to be a good fit for us. We're in new geographies. We had a target and a strategy to focus on Texas and Florida. Over the last two years, we were able to open up in Dallas. We have an Austin and Houston office, and we relocated some of our people. And then we were fortunate enough to bring on BKM this past October, and they're a great firm in Dallas. And we had the same strategy here in South Florida. We opened up in Miami. And we were speaking with a lot of firms and we felt like we had found the right firm with Daszkal Bolton because of the culture and their attention to quality and the industries that they're in, and their ability and desire to grow."

Devlin sees benefits in combining the two firms' practice areas. "We've got an athlete practice with about 80 athletes," he said. "We've also got a family office practice, where we work with high-net-worth clients, and do their back office and investment reconciliation and analysis work, and CohnReznick does similar things to that in New York, and throughout all the offices in California. We think that we can really benefit from developing best practices. We were not using as much technology as we should in that practice, and we think that we really stand to benefit."

CohnReznick also has 1,000 employees in India and plans to expand their work to help Daszkal Bolton's client services. The firm is also looking to the Philippines as another area to find extra staff.

"We're going to continue to build that and we're looking at other offshore locations in addition to India, to continue to enhance our U.S. practice and make our people's lives easier," said Kessler.

"The folks in India are treated just like the folks in the U.S.," said Devlin. "They're part of the team, and I like that as well, rather than just being some sort of outsourced unit."

"They collaborate throughout our different offices and industries, and they're part of our U.S. teams," said Kessler. "I think it's been about 18 years since we've had the operation and the same guy has been running it and growing it over all those 18 years."