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Private Equity for Accounting Firms



A Canopy Guide for firm owners and partners

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01 Sell, Stay, or Something in Between

You've probably had the call. Maybe several. A private equity sponsor, an M&A advisor, or a platform firm asking whether you'd consider a conversation. Isdaner & Company in Philadelphia got that call roughly every week for five or six years before saying yes. The partners at the Atlanta-based firm Moore Colson got the same calls and ultimately decided that they had no interest.

Both firms read the same market and reached opposite conclusions, which suggests there's no correct answer here, only the answer that fits your partners, your clients, and your timeline.

Since 2021, roughly two dozen of the 100 largest U.S. accounting firms have either sold a stake to PE investors or been acquired by a firm that already had, according to research cited by the Illinois CPA Society. Firms backed by outside capital accounted for two-thirds of all 129 CPA firm transactions in 2025, up from 7% five years earlier, per Koltin Consulting Group research. That's an 850% increase in just half a decade.

> *"At any given time, there are three to four hundred outside investment groups who are actively trying to invest in accounting firms. They all want the exact same thing. Every single one starts with 'I want a hundred million dollar firm.' You know how many hundred million dollar firms there are that are still independent out there in the marketplace? Very few. You can count them on two hands."*
>
> — **DOUG LEWIS, MANAGING DIRECTOR, THE VISIONARY GROUP, IN CANOPY'S *INSIDE AN ACCOUNTING FIRM* DEAL WEBINAR**

There are clear economic drivers behind this surge. Accounting firms produce predictable, recurring, high-margin revenue from client relationships that can be measured in decades, and retiring partners have opened succession gaps that outside capital can fill.

Whether that capital actually produces better firms is a more interesting question, and the data has shifted. INSIDE Public Accounting's August 2026 Data Dive found PE-backed IPA 100 firms growing 27% overall against 9.1% for everyone else — but organic growth came in at exactly 7% for both groups, suggesting that PE-backed firms are growing faster by buying, not by selling more to the clients they have.

While private-equity partnerships are undoubtedly increasing in frequency, it's also true that most firms still aren't interested. A 2025 Thomson Reuters Institute report found 57% say PE isn't on their radar, and another 30% aren't interested even when approached. But a PE-backed competitor is likely recruiting your staff and courting your clients regardless of what you decide, which means even a firm of committed holdouts needs to be intentional about their position rather deciding based on reflex or instinct.

KEY TAKEAWAYS

- Outside capital is now behind two-thirds of CPA firm transactions, so the decision is likely to land on every firm owner's desk whether or not they initiate it.
- PE-backed firms are growing faster overall, but their organic growth is currently identical to everyone else's.
- Most firms are staying independent on purpose.



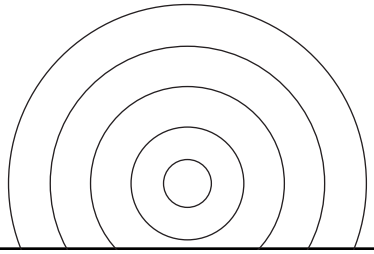
02 What Taking PE Money Actually Means

Let's start with a core fact that won't surprise firm owners: a private equity firm can't simply buy your CPA firm. As you know, under state accountancy rules and AICPA independence standards, ownership and control of a firm performing attest work has to stay majority-held by licensed CPAs. So the money doesn't buy the CPA firm. It buys into something built alongside it.

That mechanism is called an alternative practice structure, and it underpins nearly every PE deal in accounting today. Here's how it works:

- **The attest entity stays put.** The CPA firm keeps performing audits and reviews, stays majority CPA-owned, and keeps its own governance and partnership agreement.
- **A non-attest entity gets created or spun out.** Tax, advisory, bookkeeping, and other non-attest services move into a separate company. This is what private equity actually invests in.
- **The two are linked by contract.** An administrative services agreement lets the non-attest company lease staff, space, technology, and marketing back to the attest firm, so the business still operates as one brand.
- **Oversight sits with a board.** The non-attest entity typically has its own board, which may include representatives of the investor. This is where outside influence over strategy, hiring, and growth actually enters.

When someone says a firm "took PE money," they usually mean the tax and advisory side sold a stake while the audit practice remains,, wholly or majority CPA-owned. The economics, the control, and the governance all run through the non-attest entity, which is where your attention belongs when you read an offer. Of course, non-CPAs have been able to own parts of licensed firms for a long time, but they must be active participants instead of silent partners or passive investors. So this requires some hoops to jump through to remain compliant.



"Many owners assume an acquisition means handing over the keys immediately. In reality, owners can continue leading their team, maintaining client relationships, and preserving their culture while gaining the infrastructure of a larger firm."

— LERA KOOPER, COO AND CO-OWNER, PROACTIVE ADVISORY GROUP.

Selling a stake to a platform sponsor is only one of several exits, though, and the others get discussed far less. Jason Staats, who runs a private network of roughly 1,000 accounting firms, outlines six distinct paths. The figures he mentions below are his own read of the market rather than published research, but they're a useful framework for understanding where your firm would land.

Six ways out, according to Jason Staats

BUYER	TARGET	DETAILS
PRIVATE EQUITY EXITS		
Private Equity (Platform)	$75M–$400M revenue	Anchor firm built around and bolts other firms onto; max say in deal structure. Valuation: 7–11x EBITDA.
Private Equity (Add-on / Tuck-in)	$2M–$50M revenue	Selling into an existing platform. Turnkey deal, little room to negotiate. Lose brand, back office, and software say; keep client relationships and team temporarily.
Private Equity (Minority Recap)	$50M+ revenue	Sell under 50%, give up some equity, keep control. Rare as buyers prefer control; priced lower or declined.

BUYER	TARGET	DETAILS
OTHER EXIT OPTIONS		
Venture Capital (AI Roll-up)	10–100 people, <$10M revenue	Focuses on smaller firms willing to change workflows. Potentially lucrative for small firms, model not yet fully proven.
Another Firm (External Sale / Merger)	$150K–$5M revenue	Full control, seller or SBA-financed. Priced at 0.9x–1.3x annual revenue.
Your Team (Internal Succession SOP)	Internal: Any size. ESOP: $1M+ EBITDA, 20+ staff	Best outcome for staff/clients; hardest to assemble. Effectively paying team to pay you out.

What Staats would do. The biggest shift he's seen in three to five years is private-party sales between very similar firms. You know the person, they run their firm the way you run yours, and that de-risks the transaction enough to justify a better multiple. He sees these happen near-monthly inside his network.

Canopy's Accountant in Residence, Luke Frye, noted a key difference between private equity and venture capital offers: "VC is usually interested in higher risk and reward scenarios, while PE is more focused on sure things."

KEY TAKEAWAYS

- PE buys the non-attest entity, not the CPA firm (or at least not a majority of it). Read every offer with that structure in mind.
- The board attached to the non-attest entity is where outside influence comes from.
- A platform deal is one of six exits. Minority recaps, peer mergers, and ESOPs get discussed less and fit some firms better.

03 How the Deals Are Built

Terms vary, but most PE transactions in accounting share a similar shape. Expect the following four components:

- **Cash upfront for a stake in the non-attest entity.** This is the headline number partners repeat to each other.
- **Rollover equity**, where partners keep a minority stake in the platform and get "a second bite of the apple" if it grows or resells. Blackstone's January 2025 purchase of New Mountain's stake in Citrin Cooperman, at a valuation above $2 billion, is the clearest illustration of what that second bite can be worth.
- **Earn-outs** tied to revenue or EBITDA targets over two to four years, which means part of your payout depends on performance after you've lost full control of the firm.
- **Employment agreements** keeping key partners in place for several years. Investors are buying client relationships, and those relationships leave when the partners do.

Multiples have climbed roughly a point a year since PE entered the profession. Accounting Today describes 5–7x EBITDA as a good outcome today, 7–8x as very good, and 9–11x as outstanding. Koltin's own research puts first-wave platform entries at 9–11x and second-wave entries at 12–15x. Any specific offer still relies on growth rate, partner depth, margin, and client concentration.

The part of the deal that deserves the least of your attention? The multiple. Bob Lewis, president of The Visionary Group, walks partners through the terms that actually determine what they take home:

> *"Everyone gets hung up on the multiple, but they're missing the point that the multiple is just a factor in the equations. It's the adjusted EBITDA, and how I get to the adjusted EBITDA is probably more important than anything."*
>
> **— BOB LEWIS, PRESIDENT, THE VISIONARY GROUP, IN ACCOUNTING TODAY, JUNE 2, 2025**

Because EBITDA adjustments can drastically alter the final payout, ask about four things before you ask about the multiple:

- **Management fees.** “If you get a 5% management fee on revenue, why?” Lewis asks. “Because that just comes out of your distribution center, which means if you hire the partners, the distributions are shrunk from the management fees.”
- **Preferred dividends.** These pay the investor’s return before partners see a dollar. “If there’s not enough money left over for distribution, you and I get nothing because it went to the preferred dividend.”
- **Earn-out targets you can’t hit.** “Most people try and make earn-outs very reasonable to hit because they want you to succeed,” Lewis said in a Canopy webinar. “They do not want you to fail. That’s a bad investment for them to have you fail. They lose a lot more money than you lose.” Still, if an offer looks unusually generous, ask directly why.
- **Working capital requirements**. Cash the firm contributes back into the deal, which can quietly claw back a chunk of the headline price.

But there’s another question no spreadsheet can answer. Can you envision yourself working with these specific people for foreseeable future? Tim Brackney runs Springline Advisory, a Top 100 firm that launched publicly in January 2024, built on a February 2023 Trinity Hunt Partners partnership with MarksNelson. Here’s how he puts it:

“It’s a relationship that’s going to cover the next path of your journey. We’re going to be in the canoe together for the next five to seven years — what’s that like?”

— TIM BRACKNEY, CEO, SPRINGLINE ADVISORY, IN *ACCOUNTING TODAY*



The agreement outlasts the handshake, so you need to look just as closely at the buyer as they do at you. When Grant Thornton sold a majority stake to New Mountain Capital in 2024, some of the 350 former partners entitled to retirement benefits were told those payments would be replaced by a one-off lump sum—in some cases, retirees said, coming up short by $1 million or more. A dozen of them, including three former chief executives, formed a group to negotiate with current leadership.

These disputes often arise because traditional partner retirement structures, historically funded by distributions from active partners, directly conflict with private equity business models that prioritize streamlining cash flows for growth and future liquidity. Be sure your employment contracts with senior leaders are updated and you're ready to have the hard conversations around what changes if you take an offer.

KEY TAKEAWAYS

- Ask about management fees, preferred dividends, earn-out targets, and working capital before you ask about the multiple.
- Rollover equity is where the real money has been made, and it depends entirely on what the platform does next.
- Senior partners have standing to be unhappy. Review employment agreements before you sign, not after.

04 Weighing the Trade-offs

The case for taking investment

Proponents of taking outside capital argue that this path provides the resources necessary to compete at scale, among other benefits:

- **Capital you can deploy quickly.** Funding for acquisitions, technology, and talent that's difficult to self-fund out of partner distributions. PE-backed IPA 100 firms grew 27.0% in 2026 against 9.1% for everyone else.
- **A structured liquidity event.** Partners realize value from decades of equity at valuations Bob Lewis describes as three or even four times greater than before PE entered the market.
- **Operational expertise you don't have.** "Sometimes accountants aren't entrepreneurs," says Rob Brown, co-founder of the Accounting Influencers network. "PE brings in a lot of people with operational expertise that have run and scaled businesses."
- **A succession answer.** For firms without a deep bench, a deal solves a problem with no other easy solution—a driving factor in Isdaner & Co.'s decision mentioned later in this chapter.
- **Middle paths exist.** Bain Capital's $250 million minority investment in Sikich let leadership keep control while accessing outside capital, alongside family offices and bank lending as alternatives to a full sale.

Jim Meade, CEO and managing shareholder of Top 100 firm LBMC, has watched PE change the competitive landscape even for firms that haven't taken a dollar of it.

> *"PE has raised the bar for all of us, and that's a very good thing. Professional services businesses had been largely unchanged until the arrival of PE. They're professional investors, and they've raised the bar. It has changed our strategy in everything we do."*
>
> — JIM MEADE, CEO AND MANAGING SHAREHOLDER, LBMC

The case for staying independent

On the other hand, firms that choose to remain independent emphasize the following core benefits of retaining full ownership:

- **You keep control.** "We don't use the word 'independent' internally; we say control," says David Bundy, president and CEO of Dean Dorton. "We're a second-generation firm, we've been successful, and we want to maintain that control."
- **Culture is the thing you can't buy back.** Jeffery Mowery, managing partner of Mowery & Schoenfeld, expects PE-backed firms to lose their strongest people: "The A players aren't going to stay," pointing to a partner he recruited away from one.
- **Clients notice who owns the firm.** "Business owners like to talk to other business owners," says Moore Colson partner Chris Fagan, who argues that competing priorities show up in service: "They've got different interested parties that they've got to answer to. And so the client service slips."
- **Nimbleness is a real advantage.** "We are far more nimble," Fagan says. "We're not having to run it up the ladder and be sure there's no conflicts with another business in a different industry."
- **It takes discipline and a written plan, not just a no.** "If you do want to remain independent and that's your stated goal," Doug Lewis says, "Make sure you have an independence plan moving forward with the right players, with enough timeline, with the financial mechanisms all in place."

At a partner retreat in November 2024, the partners of Atlanta's Moore Colson—about 200 employees, revenue up 41% over five years to nearly $50 million—put the question on the table and found no appetite for it at all.

> *"We had a specific discussion point ... and said, as a leadership team, we don't have any interest in pursuing this. We didn't have anyone that wanted to do that. So everyone was aligned there that we want to stay independent. ... It was unanimous."*
>
> —ANDY STARNES, MANAGING PARTNER, MOORE COLSON

Three firms, three answers

Topel Forman (Chicago) said no, deliberately.

The firm doubled from $20 million to about $40 million in revenue over five years without outside capital. In May 2025, its partners spent a full two-hour meeting on the question and decided against it. Managing partner David Levine is clear that declining PE doesn't mean declining to invest: "If you're not going to take this potentially lucrative offer from PE, then you can't also tuck your checkbook in your back pocket and not invest in your business — you'll get left behind."

Isdaner & Co. (Bala Cynwyd, Pa.) said no for years, then yes.

Scott Isdaner fielded a pitch almost weekly for five or six years before his firm of more than 70 professionals, including 10 partners, joined Aprio effective June 1, 2026. He frames it as a choice made from strength: "We felt that we were in a position as a firm that if we chose to remain independent and continue down that path, that we would be able to succeed and do so. However, we're also very mindful and realistic of what was going on in the marketplace." Three factors tipped it — the cost of keeping pace with client demand for technology, service needs beyond what the firm could offer alone, and difficulty building a next-generation leadership pipeline.

Moore Colson (Atlanta) said no, and built the case to keep saying it.

Managing Partner Andy Starnes points to intentional succession planning as the reason the firm hasn't needed outside capital to solve the problem PE deals often solve by default.

Three different firms, three different answers, all of which make sense for those firms. The common thread is that none of them treated this as a one-time event. Each revisits the question deliberately and periodically, which is the one point every advisor quoted in this guide agrees on, regardless of which side they argue.

KEY TAKEAWAYS

- The strongest arguments on both sides come from firms performing well. This isn't a decision between growth and decline.
- "No" isn't permanent, and saying it from a position of strength preserves the option to say yes later.
- If you decline outside capital, you should still invest like you took it.



05 Centralize and Consolidate Your Tech

None of the available paths will protect a firm that runs on spreadsheets, sticky notes, and undocumented institutional knowledge. PE-backed organizations are explicitly betting that centralized workflows and automation scale across dozens of acquired firms. Independent firms are betting they can match that efficiency without the capital, which only works when that same level of operational discipline is practiced in-house.

So ask the same four questions either way:

- Are your processes standardized and documented, or do teams rely on what people remember?
- Can you see performance data in real time across clients, services, and staff?
- Can you onboard an acquisition or a new hire without weeks of manual setup?
- Are you automating repetitive tasks, or are your top performers bogged down in administrative busywork?

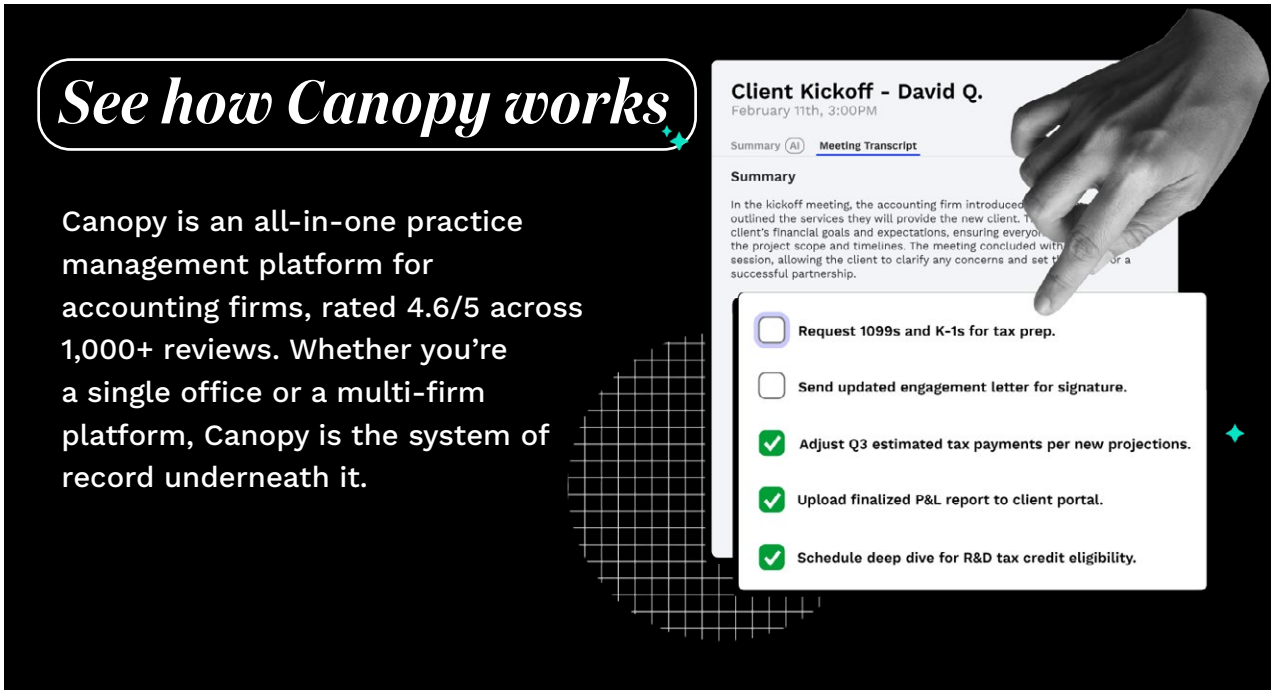
"We want visibility into business owners versus individual client types, complexity, existing service models, advisory opportunities and long-term client value. Segmentation helps us understand where additional value can be created, where service can improve, and where investments in people and infrastructure will have the greatest impact."

—LERA KOOPER, COO AND CO-OWNER, PROACTIVE ADVISORY GROUP

Regardless of the direction you choose, having clear and consistent processes in place is non-negotiable. Buyers will pay for predictable operations and clean data. Platforms are able to absorb standardized firms faster and with fewer concessions. Internal successors will inherit something they can actually run. And a firm that stays independent can enjoy the same benefits every day without a term sheet.

Canopy brings clients, workflows, documents, billing, and reporting into one unified system, with real-time dashboards that capture utilization, realization, turnaround, and client profitability. Firms that adopt Canopy consolidate 14 or more tools onto the platform and see payments arrive 58% faster with Canopy Payments, and the client-facing mobile app carries a 4.9 out of 5 rating.

Whatever you decide, decide from a strong position



Nine questions to ask *before you decide*

Work through these with your partner group before you take a call from a sponsor or an M&A advisor. Write the answers down. Revisit them annually, whichever way you lean.

1. **What are we actually trying to solve** — growth capital, succession, liquidity, or all three?
2. **How much control are we willing to trade,** and over which decisions specifically?
3. **What does our partner group look like** in 10 years without outside capital?
4. **How would our culture hold up under a board** that includes non-CPA investors?
5. **What's our real appetite** for acquisition debt and earn-out risk?
6. **Would our clients and staff read a deal** as a positive or a warning?
7. **What's our timeline** — a five-year exit, or a multi-generational firm?
8. **Have we benchmarked our own valuation and growth rate** against current market multiples?
9. **Have we brought in independent legal, financial, and M&A advice,** rather than relying on the buyer's numbers?

Appendix: Further Resources to Explore

CANOPY WEBINARS

Inside An Accounting Firm Deal: PE, Valuations, Structure, Tradeoffs, featuring Bob Lewis and Doug Lewis of The Visionary Group

AMA: What's My Firm Worth?, featuring Bob Lewis and Doug Lewis of The Visionary Group

THE CANOPY BLOG

Accounting Firm Mergers & Acquisitions: What Makes Your Firm Worth Buying by Lera Kooper of Proactive Advisory Group

The Rise of Private Equity in Accounting by Chad Saley of Canopy

FURTHER READING

Independence at a Crossroads: Should Your Firm Take the Private Equity Path? by Chris Camara of Insight Magazine

One of Philly's last independent accounting firms was just acquired amid 'unprecedented' spree of deals by Andrew Seidman of The Philadelphia Inquirer

IPA Data Dive: PE-Backed Firms Are Growing Faster, but Organic Growth Is Identical by Taylor Portela of INSIDE Public Accounting

Private equity is rewriting the rules for tax, audit & accounting firms from the Thomson Reuters Institute

Six ways out of a firm by Jason Staats on X

Citrin Cooperman deal is reportedly private equity's "first flip" of an accounting firm by Graison Dangor of CFO Brew

What is your firm worth? by Paige Hagy of Accounting Today

Picking the right PE partner by Paige Hagy of Accounting Today

Retired US Grant Thornton partners demand bigger cut of equity sale by Stephen Foley of The Irish Times

The Top 100 Firms and Regional Leaders from Accounting Today

Private equity is gobbling up accounting firms. But not this Atlanta firm. by Kelly Yamanouchi of The Atlanta Journal-Constitution