



Paul Mueller Company closes books in hours and avoids new headcount with simple lease accounting

Paul Mueller Company can now comply with ASC 842 across a large international lease portfolio in under three days each month.

Situation

Paul Mueller Company is a publicly held, global stainless steel processing equipment manufacturer headquartered in Missouri. Founded in 1940, they have approximately 1,000 employees and revenues topping \$200M per year. The company is both a lessee and a lessor with most of their leases in the Netherlands and a few in the US. On the lessor side, they have approximately 1200 leases for milk cooling equipment used by dairy farmers. As a lessee, they have 85 real estate and equipment leases – these include assets like forklifts and copiers as well as 75 automobile and truck leases.

Because most of their leases are distributed overseas, Paul Mueller Company had lost sight of those leases while adopting ASC 842 domestically. When the company was finalizing their adoption of the new guidance, they realized they needed to evaluate the leases that sat in their foreign subsidiary and that they did have some that were affected by ASC 842. This oversight in considering the distributed lessor leases caused major delays in the audit and annual report process since they were dealing with large amounts of data and relative inexperience with the new guidance calculations. This late discovery also affected their overall accounting process. Their decentralized team needed a better way to gather and update lease and lease accounting information when considering the US GAAP adjustments needed for the foreign leases.

MUELLER

1200

lessor leases

10

real estate and equipment
leases

75

vehicle leases

<1 headcount

to get compliant

>2 days

saved each month

Solution

Initially, the company had started their lease accounting project with spreadsheets since most of their lessor leases use a standard set of contract terms. However, they began looking for lease accounting software when they realized they couldn't handle the ASC 842 requirements manually for the volume of leases they have. Although the lessor leases have standard terms, there was enough variation and ongoing change that tracking that detail manually became too difficult. In addition, the monthly and quarterly close processes were taking days, so their team was having trouble meeting public disclosure and reporting deadlines.

After evaluating several options, the company chose EZLease. They liked that the software delivered the compliance they needed in a simple approach that included automated reporting and disclosures to make it easier to prepare for audits.

To get started, it took one person a couple of weeks to research and validate lease data fields like fair market value before they used the bulk upload template to load their newest lessor leases for the two most recent years and all of their lessee leases. They loaded their pre-adoption lessor leases later. The bulk upload template made it easy to load and update leases, journal entries were easy to figure out and the disclosures they needed for year-end were very simple to generate. Now two people spend just a couple of hours each month managing leases from an ASC 842 / US GAAP compliance perspective and handling the close process -- and it can all be done remotely.



We now have completed our 2020 audit and I am happy to report that EZLease streamlined that process for us significantly”

Katie Payne, Risk Manager.

Impact

With EZLease, it takes Paul Mueller Company less than a day to close their lease accounting books with all the required journal entries, disclosures and cash flow reports. This saves them at least two days of work each month. “Everything we needed, EZLease has done for us,” said Katie Payne, Risk Manager.

The company is now able to upload new and updated leases in minutes, with the correct classifications and compliance data from the beginning. Because of the automation in the software, they have also avoided adding new headcount to cover lease accounting and are able to divide the workload between two people with only a couple of hours each month.

Each time they load leases, EZLease automatically validates and classifies them into the right categories. Now that the company is clear on which of their leases are finance and operating, they are rethinking their Lease vs. Buy strategy for vehicle leases. About half of those are finance leases instead of operating leases, which could change their approach going forward.

After implementing EZLease, Paul Mueller Company has a more complete and accurate view of their ASC 842 lease accounting and their leases, making them confident they can stay compliant in the future.