

Exhibit 1
The Impact of 3% Payroll Expense Creep
For the Typical WFFSA Member

Income Statement--\$	Current Results	5% Sales Growth	No Sales Growth
Net Sales	\$3,500,000	\$3,675,000	3,500,000
Cost of Goods Sold	<u>2,240,000</u>	<u>2,352,000</u>	<u>2,240,000</u>
Gross Margin	1,260,000	1,323,000	1,260,000
Payroll and Fringe Benefits	750,000	772,500	772,500
All Other Expenses	<u>485,000</u>	<u>485,000</u>	<u>485,000</u>
Total Expenses	<u>1,235,000</u>	<u>1,257,500</u>	<u>1,257,500</u>
Profit Before Taxes	\$25,000	\$65,500	\$2,500

Income Statement--%			
Net Sales	100.0	100.0	100.0
Cost of Goods Sold	<u>64.0</u>	<u>64.0</u>	<u>64.0</u>
Gross Margin	36.0	36.0	36.0
Payroll and Fringe Benefits	21.4	21.0	22.1
All Other Expenses	<u>13.9</u>	<u>13.2</u>	<u>13.9</u>
Total Expenses	<u>35.3</u>	<u>34.2</u>	<u>35.9</u>
Profit Before Taxes	0.7	1.8	0.1
 Change in Profit--%		162.0	-90.0