

### Coffee Shop Example (Breakeven Analysis)



Irene is starting a coffee shop in a small college town. Her monthly fixed costs are \$1860 for rent, \$360 for insurance, and \$300 to pay back her start-up loan. Her variable costs average \$0.95 per cup of coffee for the coffee, milk, cup, lid, sleeve, etc. Her average revenue is \$3.75 per cup of coffee. How many cups of coffee must she sell each month to break even?

(Photo courtesy of theONION.com)