Break-even Point in Dollars

(one product or one service)

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Break-even point in $ = Fixed expenses divided by the **contribution margin ratio or %**

Calculation of **break-even point in dollars** for the following time period: *Year: July 1, 2022 thru June 30, 2023* (month, year, etc.)

Fixed expenses for the period	$	*81,000.00*	**F**	
divided by the contribution margin ratio		*46%*	**CMR**	
= Break-even point in $ for period	***$***	***176,086.96***	**BE$**	(F / CMR)

Notes:

F Fixed expenses are those expenses that will not change in total as the volume of activity changes. Enter your total fixed expenses here:

Rent	$	*15,000.00*	
Salaries and related fringe benefits	$	*30,000.00*	
Insurance, property taxes, maintenance	$	*10,000.00*	
Depreciation	$	*8,000.00*	
Interest	$	*2,000.00*	
Other: *association dues, subscriptions*	$	*16,000.00*	
Total fixed expenses for period	$	*81,000.00*	**F**

CMR Contribution margin ratio or % = 100% minus the variable expenses as a percentage of sales.

In the following example, the variable expenses are 40% of sales and the contribution margin ratio is 60% of sales:

Sales dollars	$	100,000			
minus variable expenses		- 40,000			
= Contribution margin	$	60,000	Dollars	60%	Ratio ($60k/$100k)

Enter your company's amounts here:

Sales dollars	$	*240,000.00*	S		
minus total variable expenses	$	*129,600.00*	V		
Contribution margin $ and ratio	$	*110,400.00*	CM$ (S - V)	***46%***	**CMR** (CM$ / S)

V Variable expenses are the expenses that change in total as the volume of activity changes. Enter your total variable expenses here:

Purchase costs	$	*85,000.00*	
Direct labor and fringes	$	*30,000.00*	
Sales commissions and shipping	$	*9,000.00*	
Other: *special inserts*	$	*5,600.00*	
Total variable expenses for period	$	*129,600.00*	V

For a blank form see **Form B2**.

Learn more about break-even point at www.AccountingCoach.com