**AREC 213: In Class Activity**

**You have $3,200 in total fixed costs every month for your small coffee shop. Assume that the average cost to produce a cup of coffee is $2.5 dollars and the average selling price is $4.5 dollars.**

**Question 1:** What is your break even cost in units sold and total revenue.

**Question 2:** How many units would you need to sell to make $1,000 in Net Income each month

**Question 3:** Imagine you had a partner with 25% Equity. Would this change your Break Even Analysis in units sold

**Question 4:** Now imagine you have a royalty deal in order to use a special recipe. The deal is $.50 for every cup sold. Would this change your break even analysis