

**Formulas for CVP Analysis**

**Contribution Margin** = Selling Price-Variable Expense per unit

**Breakeven Point in Units** = Fixed Expenses/Contribution Margin Per Unit

**Breakeven Point in Dollars** = Breakeven Point in Units X Selling Price

Or

Calculate the **Contribution Margin Ratio** = Unit Contribution Margin / Selling Price and plug that answer into the formula:

**Breakeven Point in Dollars** = Fixed Expenses/Contribution Margin Ratio

**Units to Reach a Target Profit** = (Fixed Expenses + Target Profit) / Contribution Margin