

Errata

Page 112, the final paragraph, should read as follows:

To calculate an annual break-even value, you must first figure out the *Contribution*. This just means the portion of each sale that is left after paying its *cost of goods sold* and *variable expenses*. This is the amount that can be used to either pay off the *fixed expenses*, or, when they are paid off, can be kept as profit.

$$\text{Contribution} = \text{Gross Profit} - \text{Variable Expenses} \div \text{Sales}$$

Page 113, at the top should read as follows:

You can now calculate break-even as a dollar value.

$$\text{Break-even} = \frac{\text{Fixed Expenses}}{\text{Contribution}}$$