How many snow cones need to be sold for a Snowie™ snow cone cart to break even?

Snowie™ is a brand of flavored shaved ice that is sold in snow cones at a variety of events and locations across the United States. Recently, a Snowie™ cart was spotted at the Kent Heritage Festival this summer. During this festival, street vendors offer a variety of foods and drinks.

At the Snowie™ cart, festival goers can purchase a 20-ounce snow cone for $4.00. For the purpose of this hypothetical example, let's assume that the variable cost of each snow cone sold is $1.00. Also assume that the monthly fixed costs for this Snowie™ snow cone cart total $1,500.

Questions

1. What costs are likely to be included as variable costs for each snow cone?

2. What costs are likely to be included as the fixed costs of operating the Snowie™ snow cone cart?

3. Using the hypothetical example given, calculate the number of snow cones that the operator of the Snowie™ snow cone cart has to sell each month to break even.

4. Assume that the operator of the Snowie™ snow cone cart wants to make an operating profit of $1,200 per month (before taxes.) How many snow cones must be sold to achieve this operating profit?

5. Now think about the break even and target profit quantities you just calculated. Do you think these quantities are realistic? Support your answer. Think, for example, about number of days the cart is likely to be operated during a given month and the number of hours the cart is open for business.