Budget vs. Actual

Operating earnings review | January-September 2026 | USD thousands

$674k
Budget EBITDA

$410k
Actual EBITDA

$264k
Unfavorable gap

Financial performance

Line item	Budget	Actual	Profit impact
Revenue	6,600	6,420	(180) U
Cost of goods sold	4,026	4,050	(24) U
Gross profit	2,574	2,370	(204) U
Payroll & benefits	1,280	1,320	(40) U
Other operating expenses	620	640	(20) U
EBITDA	674	410	(264) U

U = unfavorable impact on earnings. Gross profit and EBITDA are subtotals; do not add their variances to the individual drivers.

Earnings bridge

$674k planned EBITDA - $180k lower revenue - $24k higher cost of goods - $40k higher payroll - $20k higher overhead = $410k actual EBITDA.

Separate scale from margin

At the planned 39% gross margin, $180k lower sales reduces gross profit by $70.2k. The remaining $133.8k gross-profit gap is the aggregate margin-rate effect. The summary does not establish the specific causes.

AI-Assisted Management Review

Prepared example | Data-supported observations with hypotheses kept separate

Observation

Sales are 2.7% below budget while EBITDA is 39.2% below budget. Cost of goods is $24k above budget despite lower sales, and payroll plus overhead adds $60k of additional expense.

Hypothesis

Sales mix, discounting, supplier price increases, or inventory adjustments could explain the gross-margin gap. These are questions for review, not established findings.

Validation

Review invoice pricing and SKU margins. Reconcile purchase-price changes, returns, inventory adjustments, payroll, and overhead to the ledger. Confirm timing differences before treating a variance as a recurring cost.

Action register

Action	Owner	Timing
Review top 20 margin exceptions	Finance + Sales	10 business days
Reconcile overtime and vacancies	Operations	Next close
Review discretionary spending	Department leads	30 days

Accountability

Record agreed actions, expected financial impact, and follow-up dates. Track gross margin against the 39% reference and distinguish recovered performance from timing changes.

This fixed demonstration was prepared with AI assistance using fictional data. It is not a live AI service and does not represent a completed client engagement.

View the full sample: www.danielsbudgetworks.com/samples/budget/