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FROM DATA DUMP TO EXPERT OPINION

Making Sense of Imperfect Financial Disclosure

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Business valuation, damages quantification, income determination and forensic accounting engagements frequently involve information that is incomplete, inconsistent or difficult to navigate. An expert's analysis necessarily depends, in part, on the factual foundation available to the expert.

Financial experts retained in disputes involving the quantification of damages, business valuation, or matrimonial matters rarely begin an engagement with a perfectly organized package of complete and internally consistent information. Documents may arrive in stages; records may span multiple accounting systems and information obtained from one source may not reconcile with another.

The challenge is therefore not simply reviewing the documents produced. It is determining how the information fits together, identifying what matters to the analysis, investigating apparent inconsistencies and recognizing when the available information does not permit a conclusion.

A recent Ontario Superior Court ("**ONSC**") decision in a family law matter provides a useful illustration. In *Auciello v. Auciello*, 2026 ONSC 2485, the parties relied on competing experts to address the value of a privately-held business and the income of its owner. The experts reached materially different conclusions. In considering their evidence, the Court observed that the conflict was "*mainly due to the differing information that was provided to each valuator and appraiser.*" [1]

[1] *See* 2026 ONSC 2485 para. [6].

Making Sense of the Financial Information

Financial disclosure can include financial statements, tax returns, general ledgers, bank statements, invoices, contracts, accounting system exports and other supporting documentation. Important information and context may also come from discussions with management, the parties or their advisors; whereas the passage of time may serve to impair recall and reliability.

An expert may need to compare financial statements with tax filings, trace general ledger entries to supporting documents, reconcile related-party accounts or assess whether explanations provided through inquiry are consistent with contemporaneous records.

Differences between sources do not necessarily mean that one source is wrong. Accounting treatment, tax reporting, timing differences and other factors can produce legitimate discrepancies. The first question is what caused the difference. The next is whether it matters.



Maintaining a Professionally Skeptical Eye



Professional skepticism does not mean assuming that the information provided by the client or other party is incorrect. Rather, it involves remaining alert to information that does not appear to be consistent with other available evidence and considering whether that inconsistency matters to the engagement.

An expert may encounter a significant year over year change in an account, an expense that appears unusual or inconsistent with the nature of the business, a related-party balance that does not reconcile between entities, or an explanation that differs from what appears in the underlying records. Each may have a straightforward explanation. But each may also warrant another question.

In *Auciello*, information provided to one expert indicated that approximately 70% of the company's business was non-bid work. During cross-examination, however, the business owner testified to the opposite - that 75% to 80% of the company's work was obtained through a bidding process. The significance was not simply that the evidence differed. The nature of the company's customer base and how it obtained work formed part of the factual foundation available to the experts.

The decision provides another example in the Court's consideration of the company's ongoing operations. The business owner maintained that the company's circumstances had deteriorated and that it was no longer operating. The Court considered those statements against other evidence, including expert reports that treated the business as a going concern, corporate records identifying an active business, and records indicating that the company continued to bid on and complete projects.

Where the information sources do not align, the inconsistency itself may tell the expert where further inquiry is required.

Same Business, Different Information, Different Conclusions

Differences between expert opinions are often attributed to methodology, assumptions or professional judgment. But sometimes there is a more fundamental question: were the experts working from the same information in the first place?

This was particularly apparent in *Auciello*. The competing business valuations relied on different information and different equipment appraisals. The resulting estimates of business assets were roughly three times the value by one expert compared to the other.

The analysis of the owner's income also differed materially. The Court observed that they "*widely differed based upon the information that was provided to the experts.*" [2] Both experts identified limitations in the financial information, inconsistencies between information reported for tax purposes and the company's financial statements, and a lack of verification of certain information.



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[2] *See* 2026 ONSC 2485 para. [125].

Identifying Gaps and Their Significance

Even after information has been organized, reconciled and investigated, gaps may remain, but do they matter?

Some missing information may have little or no effect on the conclusion. In other cases, the same information may be corroborated from another source. Certain gaps may require an assumption or limitation. Others may prevent the expert from reaching a conclusion on a particular period or issue.

In *Auciello*, one side's income determination provided conclusions for 2020 through 2022 but did not provide conclusions for 2023 through 2025 or ongoing income because the necessary information had not been made available. Both income experts concluded that there was insufficient information to determine whether there were significant additional cash earnings.



Recognizing such a limitation is not a failure of the analysis. In some circumstances, it is precisely what the available evidence requires.

The significance of a disclosure gap therefore depends on the question being addressed. Rather than seeking additional documents simply because they exist, the more useful question is: what would the missing information allow the expert to determine that cannot otherwise be determined from the available evidence?

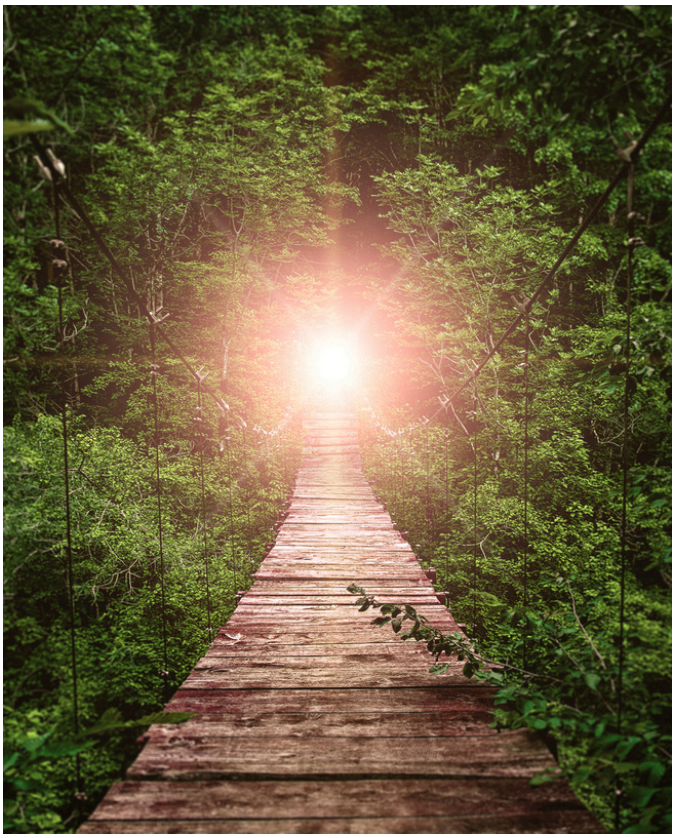
Assessing Financial Disclosure

Financial experts often work with incomplete or inconsistent disclosure. Forming a reliable opinion requires reconciling records, investigating discrepancies and determining whether missing information is relevant to the analysis. Professional skepticism helps test explanations and identify where further inquiry is needed. The objective is to understand what the evidence supports, what can be corroborated elsewhere and when the available information does not permit a conclusion.

From Disclosure to Opinion

The path from disclosure to expert opinion is rarely linear. One document may answer one question while raising another. Different sources may not reconcile. Some gaps may never be resolved.

As *Auciello* illustrates, those documentary issues can matter to the resulting analysis. Moving from a data dump to an expert opinion therefore involves more than reviewing what has been produced. Sometimes that process leads to a more reliable conclusion, sometimes it leads to a limitation, and sometimes the appropriate conclusion is that the available information does not permit one to be reached.



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