

# Antecedents and consequents of the process of obtaining and renewing the Social Assistance Beneficent Certification (Cebas)

Ian Blois Pinheiro

<https://orcid.org/0000-0001-9047-782X>

Marcia Juliana d'Angelo

<https://orcid.org/0000-0003-1436-5812>

## Abstract

**Objective:** Identify the antecedents and consequents of the process for obtaining and renewing the Social Assistance Beneficent Certification (Cebas) based on the Organizational Legitimacy theory.

**Method:** Qualitative-quantitative study addressing primary data (questionnaire and semi-structured interviews held with professionals involved in the certification process) and secondary data (documents available on the ministries' websites) analyzed with Template Analysis and descriptive statistics.

**Results:** Evidence indicates five antecedents (accounting disclosure, training, and professionalization of Third Sector Organizations (TSOs) and accountants, external audit, legal uncertainty, and other situations) and four consequents (tax immunity, TSOs' credibility, fundraising, and cultural change). Evidence also shows controllable and uncontrollable vulnerabilities in the antecedents, with which the social actors involved in the process have to face and may compromise this certification's pragmatic and moral legitimacy. Tax immunity remains one of the main consequents of this process. Some TSOs do not value this certification to obtain other benefits such as improved credibility and, consequently, improved fundraising, failing to strengthen its moral legitimacy.

**Contributions:** The accounting field focused on sustainability in the formulation of public policies to strengthen the management of TSOs. This study draws attention to lost opportunities to increase the number of donors at the individual and organizational levels and exposes the shortsighted view of this certification. This study also contributes to the literature addressing certifications by proposing a conceptual model to be tested in future quantitative studies.

**Keywords:** Cebas Certificate; Third Sector; ITG 2002. Credibility. Fundraising.

## 1. Introduction

In its broadest sense, the third sector is characterized by a desire to promote social change and act where the public and private sectors cannot reach (Barragato, 2019; Gidron, 2010; Khieng, 2014). In Brazil, there are 820,000 civil society organizations (Ipea, 2018) comprising: religious (25%), sports (7%), educational (5%), cultural (3%), social assistance (3%), health (1%), and employer associations, among others (56%).

According to Fonif (2018), 11,868 TSOS – 1.4% of all entities working in the fields of health, education, and social assistance – are certified. Cebas is a certificate granted by the Union to ‘nonprofit private legal entities, legitimated as a beneficent social assistance entity’ (Brasil, 1988). Certified entities enjoy tax immunity and have priority when signing agreements with public agencies at all levels, dealing with less bureaucracy.

Apparently, the attainment of this certification still revolves around a determinant factor and a consequent factor – complying with the requirements of the General Technical Interpretation (ITG) 2002 (CFC, 2012) and enjoying tax immunity (Beuren & Tamanini, 2009; Lima & Pereira, 2004). However, the third sector involves many stakeholders (Costa & Pesci, 2016; Grizzle & Sloan, 2016; Williams & Taylor, 2013), much competition for resources (Gordon, Knock, & Neely, 2009; Krasteva & Yildirim, 2016), pressure for performance, and greater accountability (Boateng, Akamavi, & Ndoro, 2016; Grieco, Michelini, & Iasevoli, 2015), in addition to information asymmetry between TSOs and donors (Gordon et al., 2009; Ortmann & Svítková, 2007; Weisbrod & Dominguez, 1986).

For this reason, it is important to discuss the relations involving the Cebas from a holistic perspective, broadening the debate regarding its determinants and effects. Given the previous discussion, this study’s objective was to identify the antecedents and consequents of obtaining and renewing the Social Assistance Beneficent Certification (Cebas) according to the professionals’ perceptions involved with this certification. Thus, this discussion was grounded on the Organizational Legitimacy theory (DiMaggio & Powell, 1983; Suchman, 1995), a theoretical framework that explains why organizations become similar due to the force of law, imitation, and professionalization standards considered correct (DiMaggio & Powell, 1983). This theory also discusses perceptions of whether the organizations’ activities are adequate to the cultural context, based on direct exchanges between organizations and their public of interest, considerations regarding the benefits of organizational activities, and organizations’ credibility, predictability, stability, and coherence (Suchman, 1995).

The few Brazilian studies addressing this subject use restricted samples, circumscribed to specific contexts, focusing on accounting management, one of the primary antecedents of this certification (Beuren & Tamanini, 2009; Fagundes, Silva, & Silva, 2014; Lima & Pereira, 2004; Ramos & Klann, 2019; Santos, Ohayon, & Pimenta, 2017). No studies were found addressing the consequents of this certification. According to Yörük (2016, p. 196), the ‘impact of experts’ analyses or third parties’ ratings of the services and products provided by TSOs is relatively unknown.’ There are few studies in the international literature (Adena, Alizade, Bohner, Harkedon et al., 2009; Ortmann & Svítková, 2007; Svítková, 2013; Yörük, 2016) investigating the effect of third parties rating charity donations.

Considering that Cebas is a national public policy intended to promote social inclusion in the fields of education, health, and social assistance, this study contributes to the accounting literature in terms of sustainability concerning the formulation of public policies as it presents a holistic conceptual model based on antecedent events and the effects of this certification, considering the perception of the social actors involved in this process. By discussing this certification from a more holistic perspective, not yet considered in the Brazilian literature, this study promotes a debate regarding the need to mitigate the vulnerabilities of this certification to strengthen its pragmatic and moral legitimacy. It also contributes to social actors involved in this process, as it identifies some steps and qualifications, in particular, for accountants.

## 2. Theoretical Framework

### 2.1 The Role of Certifications in European and African Countries, and in the United States

Certificates are 'a procedure whereby an independent third party issues a written assurance that a product, process, or service meets specific requirements' (Auld, Gulbrandsen, & McDermott, 2008, p. 188). Certificates have been used to ensure management and governance standards in social (Adena et al., 2019; Brown et al., 2017; Gordon et al., 2009; Svítková, 2013; Yörük, 2016) and environmental areas (Atasoy, 2020; Cavero-Rubio & Amorós-Martínez, 2020; Mohan, 2020; Wen & Lee, 2020).

Certificates in the environmental field, such as the Forest Stewardship Council (FSC) implemented in the rural area of Tanzania (Africa), have been used to ensure responsible forest management. Evidence shows that families living in the vicinity of private forest plantations certified by the FSC perceive improved social services and infrastructure, compared to uncertified state-owned plantations (Degnet, van der Werf, Ingram, & Wessler, 2018).

Green building certifications, such as the Leadership in Energy and Environmental Design, which rates buildings' energy efficiency and sustainability, have also been used. Atasoy (2020) shows that higher energy prices encourage organizations to review their ranking positions in the U.S. construction industry.

Cavero-Rubio & Amorós-Martínez (2020) report that Spanish hotels with an ISO 14001 certificate and Eco-Management and Audit Scheme (EMAS) obtained more benefits than uncertified hotels during the 2008 crisis. They were more capable of overcoming the crisis and keeping their financial performance, while the financial performance of uncertified hotels worsened during the crisis.

Ssebunya, Morawetz, Schader, Stolze and Schmid (2019) report that there was no increase in net income due to the Fairtrade certification issued for long-standing coffee farmer groups in Uganda (Africa). However, the income of certified farmers is 20% higher compared to non-certified ones. Regarding new Arabica coffee producers, income has increased due to certification, while no differences were found between certified and non-certified long-time producers.

European countries such as Switzerland, Norway, Sweden, France, Germany, and the Netherlands already have a tradition with certification systems in the social field, as does the United States (Gordon et al., 2009; Ortmann & Svítková, 2007). Therefore, the systems rating TSOs in these countries mitigate information asymmetry between donors and charities concerning the effective and efficient use of resources, quality of services, and provision of financial information (Gordon et al., 2009; Ortmann & Svítková, 2007; Weisbrod & Dominguez, 1986). Thus, the role of rating agencies is determinant among social actors by providing analyses of accounting data such as the financial health, transparency, and accountability of charity organizations (Gordon et al., 2009).

Some studies report the effects of ratings on donations to TSOs. Brown et al., 2017 experimented in the United States with donors concerning ten TSOs and verified that third parties' ratings affect the choice of a charitable institution, and at least to some extent, influence the amount donated. Additionally, local TSOs are not preferred by donors.

Yörük (2016) reports that the Charity Navigator rating, which reports the quality of charity institutions, has a minor impact on donations. However, donations are higher (by approximately 20%) for relatively small and unknown charity institutions, provided they are ranked high. The study was conducted with a sample of 5,400 organizations from 2007 to 2010. However, Gordon et al. (2009) addressed the same agency and a sample of 525 organizations between 2005 and 2006 and found that the higher the rank, the larger the donations.

The experiment conducted by Adena et al. (2019) among college students in Berlin shows evidence that deserves attention. First, the certification of TSOs positively influences the level of donations. Secondly, the amount donated by current donors does not increase due to the information that a given TSO has a certification compared to potential donors. Thirdly, the costs of certification do not influence donations. Moreover, a certification increases the level of TSOs' credibility, which in turn influences donations. Hence, these authors consider that a certification provided by independent agencies may positively influence TSOs, ensuring that certified entities maintain management and governance standards.

Ortmann & Svítková (2007) and Svítková (2013) consider a certification to be plausible in transitioning countries such as those in Eastern Europe, which are moving from a planned economy to a market economy and whose TSOs face distrust on the part of donors, and consequently, receive fewer donations. A theoretical essay shows the benefits of a certifying agency in minimizing the negative impacts of information asymmetry, helping donors to distinguish between well and poorly managed TSOs. Another contribution would be more TSOs with professionalized and strong management, influenced by a decrease in TSOs with management and governance problems.

## 2.2 The Role of Certifications in the field of Social Assistance in Brazil

Cebas is an action that constitutes a national public policy to access social assistance, health, and primary and higher education, promoting social inclusion in Brazil. According to the *Conselho de Monitoramento e Avaliação de Políticas Públicas da Controladoria-Geral da União* [Council for Monitoring and Assessing Public Policies of the Federal Comptroller General] (2019, p. 10):

The Social Assistance Beneficent Certification (CEBAS) is a national public policy granted to nonprofit private legal entities recognized as beneficent social assistance entities, provided they meet law requirements to provide assistance services, and in return, are released from social security contributions, established by § 7th of art. 195 of the Federal Constitution.

Thus, TSOs have a relevant role in promoting social inclusion, as they integrate the ecosystem that includes volunteering, philanthropy, and associations (Gidron, 2010), concerned with providing social value to society. Social inclusion is part of the United Nations 2030 Agenda for sustainable development, especially regarding improving the quality of education, health, and well-being, reducing inequalities, and promoting decent work and economic growth (ONU, 2015), which concern sustainability's social dimension.

By providing services in the fields of education, health and social assistance, TSOs receive government incentives such as tax immunity and exemption. However, there is a difference between tax immunity and tax exemption. Tax immunity is provided in the Brazilian Constitution (Brasil, 1988), while tax exemption is granted through an infra-constitutional law. Tax credit exists but is excluded by legal benefit. Thus, there is no taxable event in the case of tax immunity (Bomtempo & Valadão, 2017).

According to the Brazilian Constitution, 'charitable social assistance entities that comply with the requirements established by law are exempt from social security contributions' (Brasil, 1988). The jurisprudence of the Supreme Federal Court (STF) does not consider exemption as described in the constitutional text (STF, 1996). However, the Direct Action of Unconstitutionality No. 2,028 (Brasil, 2000) was presented to the STF, questioning which law should be observed to ensure these rights. Given this impasse, in this study, we adopted the same criteria certifying ministries adopt.

Impasses aside, obtaining and maintaining Cebas means that TSOs may continue to enjoy immunity and are not obligated to pay social security contributions, namely: the employer's share of INSS, Contribution for Social Security Financing (Cofins), Social Contribution on Net Profits (CSLL), and the Social Integration Program (PIS) on payroll, in addition to receiving government subsidies and transfers (Brasil, 1988). In 2017, philanthropic institutions obtained almost R\$12 billion of social security immunity, generating R\$88 billion in counterpart; R\$ 7.39 in return for every R\$1.00 of immunity received. The amount of tax benefit corresponds to 20% of the total social security immunities and exemptions (Fonif, 2018) granted to all Brazilian economic sectors (Table 1).

Table 1

**Immunities granted to TSOs in Brazil**

	<b>Education</b>	<b>Health</b>	<b>Social Assistance</b>	<b>Total</b>
Social security immunity	4.02	6.83	1.08	11.93
Total counterpart	18.74	56.43	12.93	88.11
Counterpart return for each R\$1.00	4.66	8.26	12.02	7.39

\* R\$ billion

TSOs must meet various requirements to obtain Cebas: be regularly constituted as a nonprofit, private legal entity; be recognized as a charitable social assistance entity to provide services in the fields of education, health, and social assistance; comply with the principle of universality; being in operation for at least 12 months; and present accounting and financial statements according to the ITG 2002 (CFC, 2012), among others.

Regarding the procedures with the ministries, TSOs submit a request for concession or renewal to the ministry that concerns its principal activity, providing all the documents required, according to Law No. 12,101/2009 (Brasil, 2009). The Ministry of Citizenship certifies entities in the field of social assistance, the main requirement being providing service free of charge. The Ministry of Health grants certifications to entities that provide health services, with at least 60% of their services provided through the Unified Health System (SUS). The Ministry of Education (MEC) certifies institutions that waive 100% of tuition for one of every five paying students in primary/middle education and higher education for students who meet the requirements of the University for All Program (Prouni) (Brasil, 2009).

After the ministries receive the documents, the process is analyzed following the protocols' chronological order. An analyst checks compliance with legal requirements, such as activity reports and financial statements. TSOs may be asked to provide any missing documents. After which, a final opinion is issued. If approved, TSOs can benefit from the certification for a period from three to five years, depending on their income. If certification is denied, the organization may file an appeal within 30 days.

Few Brazilian studies address this topic. Lima & Pereira (2004) conducted a qualitative study to analyze the verification and disclosure of the results concerning certified higher education TSOs and found evidence that accounting practices were not in agreement with the recommended by the Federal Council of Accounting (CFC). Therefore, they proposed a model to verify and disclose results to support decision-making and the management of higher education institutions certified with Cebas. Beuren and Tamanini (2009) conducted a qualitative study with 14 Santa Catarina Association of Educational Foundations (Acafe) institutions. They verified that most higher education institutions were unable to renew Cebas due to their inability to prove the application of a minimum of 20% in charitable actions. Fagundes, Silva and Silva (2014) addressed the normative-contextual panorama of various certifications and verified that TSOs face several variables and processes over their attempt to obtain certification due to contextual complexities, among which, inefficiencies, arbitrariness, legal insecurity, and corruption, distancing TSOs from the Union. This qualitative study compares Public Interest Civil Society Organizations (OSCIP), Federal Public Utility (UPF), extinct in 2014, and Cebas, based on an analysis of legislation. Santos, Ohayon and Pimenta (2017) conducted a quantitative study to examine the level of voluntary disclosure, via the website, of financial and non-financial information of TSOs in Rio de Janeiro and verified that 61 certified TSOs presented low levels of disclosure and even avoided disclosure on their websites.

Therefore, unlike what studies conducted in other countries show, in Brazil, TSOs certification is neither conducted by independent agencies nor is there an orderly rating system such as the one provided by Charity Navigator in the United States, ranging from one to five stars. Instead, in Brazil, the Federal Government is in charge of classifying the TSOs entitled to tax immunity.

## 2.2 Organizational Legitimacy

The discussion regarding the role of certifications in Brazil and other countries reveals that organizations want their activities to be perceived as desirable, adequate, and appropriate within any cultural context (Suchman, 1995, p. 586). According to DiMaggio and Powell (1983), based on Aldrich (1979), this phenomenon concerns a search to legitimize their actions, as they compete for resources, clients, political power, institutional legitimacy, and social and economic adequacy.

Suchman (1995, p. 574) considers organizational legitimacy to be 'a generalized perception or assumption (a reaction of observers to the organization as they see it) that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. Thus, it reflects a congruence between the behaviors of the legitimated entity and the shared (or assumedly shared) beliefs of some social group.'

DiMaggio and Powell (1983) consider three mechanisms of isomorphic change in institutional, organizational legitimacy. Coercive forces involve formal and informal external pressures and persuasion from other stakeholders, such as law enforcement (Forestry Code, hiring people with disabilities, affirmative actions in public universities). Therefore, there is a relationship of dependence between organizations and society's cultural expectations.

Mimetic forces respond to uncertainty, pressing organizations to imitate practices adopted by other organizations, not necessarily with proven effectiveness (Balanced ScoreCard, Integrate Management System). In turn, normative forces pressure to achieve professionalization standards considered adequate by the professional community (certifications, accounting standards), resulting from professional relationship networks originated from formal education (universities), business management and training consultancies, and associations, and through hiring successful professionals in other organizations (DiMaggio & Powell, 1983).

Suchman (1995) understands that organizations seek legitimacy aiming at the continuity (stability) of their businesses and credibility (perception that an organization is coherent, predictable, and reliable) with a given audience, for instance, stakeholders. The organizations also aim for active support (a prolonged intervention from their audience) and passive support (condescension from their audiences as organizations desire to do business in peace without the intervention of their audiences). Hence, the author proposes three types of organizational legitimacy consonant with his concept previously discussed – pragmatic, moral, and cognitive.

*Pragmatic legitimacy* focuses on the interests of the most immediate stakeholders and direct exchanges (exchange legitimacy) between an organization and its public and political, economic, or social interdependencies. This audience benefits from having their interests heeded (influence legitimacy) when contributing to policies or when the organization adopts its audience practices. This audience may also be willing to legitimize those organizations considered honest, reliable, and ethical (legitimate disposition). Strategies to gain such legitimacy involve complying with demands, meeting the needs of the various social actors, building a solid reputation, and doing publicity. To maintain this legitimacy, one has to perceive changes and anticipate challenges, taking care of internal operations to prevent mistakes. To regain it, organizations may deny the problem to gain some time or create surveillance mechanisms such as ombudsman and customer service (Suchman, 1995).

*Moral legitimacy* stems from a positive normative assessment on the part of a TSO's target audience. It concerns a judgment of the benefits of the organization's activities aimed at societal well-being (*legitimacy of consequences*). It may also result from adopting socially accepted techniques and procedures (*procedural legitimacy*) or assessing that the organization has socially constructed structures that allow them to act appropriately (*structural legitimacy*). Finally, it may be based on the charismatic personality of its leaders (*personal legitimacy*). The strategies adopted to gain legitimacy involve concrete and meritorious results while conforming to altruistic ideals. To keep such legitimacy, organizations have to monitor ethics and protect property. To regain it, organizations may apologize and justify their behavior or even act to dissociate themselves from harmful influences, for example, hiring new managers (Suchman, 1995).

*Cognitive legitimacy* stems from 'accepting the organization as necessary or inevitable based on some taken-for-granted cultural account.' Hence, it stems from cultural models that encompass plausibility, predictability, inevitability, and permanence, contributing to the clarity and understanding of its businesses (Suchman, 1995, p. 582). Strategies to gain such legitimacy involve conforming to established standards, imitating them, professionalizing operations, seeking certifications, or standardizing new models/standards. To maintain such legitimacy, organizations should monitor their audience's expectations and explain themselves if legitimacy needs to be regained (Suchman, 1995).

Certifications such as the Forest Stewardship Council (FSC) legitimate businesses in the forestry system by attesting supply chains and strengthening sustainability and biodiversity (Schepers, 2010). However, according to the study conducted by Niedzialkowski and Shkaruba (2018) in Poland, such legitimacy may be at risk due to disagreements between forest actors and non-governmental organizations demanding government intervention. Schepers (2010) has already pointed out the challenges imposed to the pragmatic and moral legitimacy of this certification: a lack of alternative schemes, market access, plantations, the cost of certification, and illegal logging.

### 3. Method

A qualitative-quantitative study was conducted to perform a holistic analysis of the antecedents and consequents of Cebas. The qualitative interpretative method enabled understanding the perception of the workers involved with this certification, clarifying this organizational phenomenon (Merriam, 1998), and the quantitative study showed the level of adherence to the ITG 2002 requirements (CFC, 2012).

The study's population comprises the TSOs that submitted a request to obtain Cebas in the Ministries of Education, Health, or Citizenship. Primary data were collected through a questionnaire and semi-structured interviews and secondary data were collected for the files available in the ministries' websites such as the *Certificação das Entidades Beneficentes de Assistência Social em Saúde, Educação e Assistência Social* [Certification System of Social Assistance Beneficent Entities of Health, Education and Social Assistance], booklets explaining the process made available on the ministries' websites and in related laws.

#### 3.1 Quantitative Data

Because of the Access to Information Law, the certifying ministries did not provide data alleging information is protected by financial secrecy. Thus, a database was created using the National Register of Legal Entities (CNPJ), and electronic addresses available in the public records of the IRS website of certified organizations, and 542 TSOs were cataloged.

A questionnaire was developed with 39 questions adapted to the third sector based on Santos, Ponte and Mapurunga (2014) and Ramos and Klann (2019). Responses to questions were binary (yes/no) and categorical. This questionnaire was made available on Google Forms and distributed via email to the 542 TSOs. A total of 39 valid responses (7%) were obtained.

A total of 37% of the TSOs obtained Cebas, 16% were denied the certification, the process of 21% was still under analysis, and 26% reported that even though the certification applies to their institutions, they never requested it. Regarding the TSOs legal nature, 86% were associations and 14% religious entities. Regarding their activity, 64% were in the educational field, 29% in social assistance, and 7% in the health field. Regarding the TSOs' size, 71% reported annual revenues above R\$4.8 million, i.e., large organizations (Brasil, 2009). Considering the number of employees, 50% were large (more than 100 employees), 29% were medium-sized (up to 99 employees), and 21% were small organizations (up to 19 employees).

#### 3.2 Qualitative data

Semi-structured interviews were conducted with 17 workers from TSOs and a prosecutor working in the inspection of TSOs, covering seven units of the federation (Table 2). The interviewees worked with 1,084 TSOs, more than 95% of which are Cebas certified. Regarding the interviewees' profiles, 41% have an accounting degree, 29% law degree, 17% in social services, and 13% have degrees from other academic fields. Hence, it was a panel composed of experts from various fields, with different roles and responsibilities, working in organizations of different sizes located in different Brazilian regions. Their perceptions regarding the Cebas enabled us to identify experiences and meanings from a multi-professional and more holistic perspective of this phenomenon.



Data analysis was performed using the Template Analysis technique proposed by King (2004). This technique enables the creation of unlimited and adjustable hierarchies of themes. In this study, the themes refer to the meanings and experiences of the social actors involved with the phenomenon of obtaining Cebas. This topic is applied in exploratory studies when there is little knowledge regarding the phenomenon under study – which is the case regarding the Brazilian context –, and the objective is to promote a more holistic discussion focused on the antecedents and consequents of this certification. The themes emerging from data and the literature were coded (labels/categories).

Table 2

**List of interviewees**

#	State	Age	Sex	Academic Degree	Job position	No. of TSOS represented
#1	PA	47	Female	Accountant	Accounting manager	17
#2	CE	42	Male	Accountant	Audit partner	18
#3	DF	44	Female	Economist	Administrative coordinator	1
#4	PA	35	Female	Social Service	Social	1
#5	MG	41	Female	Systems Analyst	IT coordinator	4
#6	SP	48	Male	Attorney and Accountant	President	400
#7	PA	32	Male	Accountant	Accountant	1
#8	RS	74	Male	Accountant	CEO	276
#9	DF	43	Female	Attorney	Attorney	50
#10	ES	35	Male	Social Worker	Superintend	1
#11	SP	49	Male	Accountant and Civil Engineer	Managing partner	120
#12	DF	57	Male	Lawyer	Justice attorney	0
#13	SP	49	Male	Attorney	Partner holder	7
#14	DF	43	Male	Attorney	Partner holder	50
#15	PA	51	Female	Business administrator	Financial coordinator	6
#16	PA	43	Male	Accountant	Accountant	15
#17	CE	44	Female	Social Worker	Parmer - Consultant	8
#18	ES	30	Female	Accountant	Manager	109

Hence, as shown in Figure 1, two first-level codes were created based on the study's objectives: antecedents of obtaining and renewing Cebas and the effects of obtaining and renewing this certification. Five second-level codes and 12 third-level codes emerged from 46 excerpts of the interviews for the antecedents of obtaining and renewing Cebas. For the effects of obtaining and renewing Cebas, four second-level codes and eight third-level codes emerged from 23 excerpts.

1 <sup>st</sup> level codes	2 <sup>nd</sup> level codes	3 <sup>rd</sup> level codes	
1. Antecedents of obtaining or renewing CEBAS certification	1.1 Accounting disclosure	1.1.1 Difficulty collecting accounting information	
		1.1.2 Failure to meet the minimum accounting and ITG 2002 requirements	
		1.1.3 Divergence between reports and activities performed	
	1.2 Training and professionalization of those involved	1.2.1 Lack of professionalization of managers and lack of training of those involved with CEBAS certification in TSOs	
	1.3 Relevance of external (independent) audit in TSOs	1.3.1 The role of external audit	
		1.3.2 Benefits of external audit	
		1.3.3 Criteria for hiring external audit services	
	1.4 Legal insecurity	1.4.1 Legal changes	
	1.5 Other situations	1.5.1 Slow process	
		1.5.2 The ministries do not receive the process	
		1.5.3 Accounting information and documents are destroyed	
		1.5.4 Mistaken decision-making	
	2. Effects of obtaining or renewing CEBAS certification	2.1 Tax immunity	2.1.1 Tax benefits
		2.2 TSOs' greater credibility	2.2.1 Differentiated treatment on the part of the government
			2.2.2 Partnerships are established with public and private parties
2.2.3 The institution's image is improved			
2.2.4 International donors feel safer			
2.3 Impact on fundraising		2.3.1 CEBAS benefits and influence	
		2.3.2 CEBAS little influence	
2.4 Cultural change		2.4.1 Changes in the accountants' role	

**Figure 1.** Template Analysis Summary

## 4. Data Analysis

### 4.1 Antecedents of Cebas

*Tax disclosure.* In the case of TSOs, it concerns compliance with accounting standards and requirements provided by ITG 2002 (CFC, 2012). In this study, 39 TSOs met approximately 81% of these requirements, as shown in Table 3. There are six reasons for not complying with the law: difficulty collecting accounting information, incorrect records of TSOs actions/ activities, divergences between reports and activities, not meeting the ITG 2002 minimum requirements (CFC, 2012) and basic accounting requirements, and not complying with CFC standards.

*Difficulty collecting accounting information* involves accounting issues, cross-checking institutions' data with social data, and failure in preparing financial statements (interviewee #02). It also has to do with the process formatting because of accounting data, especially cross-checking accounting information with the social service data. Interviewee #05 believes that it is a very complex process, especially in organizations with branches that need to send data to headquarters. Additionally, according to interviewee #16, there is a lack of accounting history, and statutes disagree with the law. Interviewee #08 states that 'the most difficult part is to adapt the accounting system to comply with specific laws. The accounting statements focus on social laws rather than on fiscal laws.'

*Failure to meet the ITG 2002 minimum requirements (CFC, 2012) and minimum accounting requirements* results in the incorrect recording of the TSOs' actions/activities such as bookkeeping. Interviewees #14 and #17 consider that there is considerable weakness in the institutions' bookkeeping. The accountants of some institutions register accounting information on a cash basis. Others do not group per activity. Interview #14, for instance, has already participated in events in which representatives of the Ministries of Education and Citizenship reported that approximately 60% of the certifications denied are motivated by accounting errors.

On the other hand, many institutions comply with all the procedures required by Law No. 12,101/2009 (Brasil, 2009) but do not comply with the Federal Council of Accounting standards, creating weaknesses in the Brazilian IRS and ministries. Hence, an entity may provide social services, but it cannot enjoy the tax benefit due to an accounting-related problem (interviewee #06). Furthermore, according to interviewee #11, 'a given cost vital for the project is not correctly identified, and as a consequence, its information is not adequately addressed in the statements'.

It also involves the calculation of results on a cash basis, absence of statements with explanatory notes, financial statements are not segregated (interviewee #17). There is also improper use of terminology from the commercial business area, not used by third sector institutions, such as "profits" and "losses", showing a lack of knowledge of specific standards.

Table 3

**Descriptive analysis**

		<b>n = 39</b>	<b>Mean</b>	<b>DP</b>
Balance Sheet	1. In the BS structure, does the entity present the subdivision of the groups of assets and liabilities into current and non-current?		0.974	0.160
	2. In the BS, does the entity record the surplus or deficit amount for the year on its own account?		0.974	0.160
	3. Does the institution prepare the Balance Sheet (BS)?		0.949	0.223
	4. Does the organization record resources from agreements in the proper asset and liability accounts?		0.949	0.223
	5. Is the organization's Equity group evident in the BS?		0.846	0.366
		<b>Mean</b>	<b>0.938</b>	<b>0.227</b>
Annual Income Statement	6. Does the organization use the accrual basis for recording accounting facts?		0.974	0.160
	7. Does the institution prepare the annual income statement?		0.923	0.270
	8. Does the statement present the result (surplus or deficit) for the period?		0.846	0.366
	9. Are revenues sorted by revenue-generating programs/activities?		0.846	0.366
	10. Are costs and expenses presented by programs/activities?		0.821	0.389
	11. Are revenues subdivided into restricted and unrestricted revenues?		0.795	0.409
	12. In which account group are the donations received recorded?		0.641	0.486
	13. Are voluntary services recorded?		0.513	0.506
		<b>Mean</b>	<b>0.795</b>	<b>0.369</b>
Other financial statements	14. Does the institution prepare the Cash Flow Statement?		0.923	0.270
	15. Does the institution prepare the Statement of Changes in Equity?		0.872	0.339
	16. What is the method used to prepare the Cash Flow Statement?		0.359	0.486
		<b>Mean</b>	<b>0.718</b>	<b>0.365</b>
Other financial statements	17. Does the institution prepare Explanatory Notes?		0.949	0.223
	18. Does it present the entity's operational context, including the social and economic nature and social objectives?		0.897	0.307
	19. Does it present the criteria for calculating revenue and expenditure, especially regarding gratuity, donations, subsidy, contribution and application of resources?		0.872	0.339
	20. Does it disclose the accounting standard that is used to determine accounting practices?		0.846	0.366
	21. Are the criteria and procedures for recording depreciation, amortization, and depletion of property, plant and equipment disclosed, observing mandatory recognition based on estimated useful life?		0.846	0.366
	22. Is the statement of compliance with the standards, interpretations and technical communications of the Federal Accounting Council included in the explanatory notes?		0.821	0.389
	23. Are tax waivers related to the activity shown in the financial statements as if it were the due obligation?		0.769	0.427
	24. Is information related to gratuities granted and voluntary services disclosed by type of activity in the Explanatory Notes?		0.769	0.427
	25. Does it present a summary of accounting policies?		0.744	0.442
	26. Does the entity disclose in the summary of accounting policies relevant measurement basis and other accounting policies?		0.744	0.442
	27. Are the services provided with the entity's resources presented separated from the remaining services provided?		0.744	0.442
	28. Does it have supporting information for statement items according to the order and with rubrics that are presented?		0.718	0.456
	29. Does it show the subsidies received by the entity, the application of resources and responsibilities arising from these subsidies?		0.718	0.456
	30. Are all gratuities separately presented, highlighting those that should be used when reporting to government agencies?		0.692	0.468
	31. Does it show the subsidies received by the entity, application of resources and responsibilities arising from these subsidies?		0.615	0.493
		<b>Mean</b>	<b>0.783</b>	<b>0.403</b>
		<b>Overall Mean</b>	<b>0.805</b>	<b>0.362</b>

Notes: Question 13: according to a symbolic or real market value (1). We do not record voluntary services (0); Question 12: Operating revenues (1); Non-operating revenues (0); Question 16: Direct (1); Indirect (0).

Source: developed by the authors based on Santos, Ponte and Mapurunga (2014) and Ramos and Klann (2019).

*Divergence between reports and activities performed* concerns the institutions' disorganization that impacts the collection of the necessary information to prepare the reports (interview #09). For instance, the problems among TSOs in education involve an irregular selection of students for tuition waiving (interviewee #14). TSOs in the health field present irregularities concerning the Unified Health System (SUS); that is, they do not achieve the necessary percentage (interviewees #09 and #14). The main problem among TSOs providing social assistance is the preponderance of activities (#14). According to interviewee #12, TSOs have difficulties reporting what they do, that is, to provide proof of their activities and results, reflecting on the report of accounts. So that reports are not clear enough for the controlling agency to verify whether the institution fulfilled its objectives. As reported by interviewee #04, these difficulties lead to divergences between the balance sheet and the social service data sent to the ministries.

*Training and professionalization of TSOs and accountants.* Interview #08 considers that lack of professionalization of the management and training of those in TSOs involved with Cebas is one reason institutions are denied the certification. TSOs lack accounting management. For instance, according to interviewee #02, hospitals often have excellent medical staff and state-of-the-art equipment, but the accounting team is not as competent; i.e., there is a distance between the accounting and social service sectors within TSOs. Interviewee #17 also reports that the TSOs' technical team hinders accounting reports. Because of information errors, there are many inconsistencies, which are only verified when information is cross-checked.

*Focus is restricted to social management rather than administrative management.* In essence, all TSOs are of public social interest, but as the focus is not on management, administrative processes go unnoticed. For instance, many institutions miss deadlines to renew their boards because they are not attentive to formal issues but social services (interviewee #11). *Accountants' lack of knowledge and insufficient qualification.* Accountants report a lack of knowledge regarding the legislation concerning the third sector and, for this reason, fail to provide mandatory financial statements, such as explanatory notes. Interview #13 reported that accountants are sometimes very competent in preparing financial statements of businesses in general but are not familiar with the ITG 2002 standards (CFC, 2012). Most of the time, they observe general accounting standards by fail to comply with the Cebas standards. For example, according to interview #01, the professional who assisted an entity with predominantly religious activities rather than social assistance services was not only unaware of the Cebas process but also failed to meet the legal deadline.

Interview #17 summarizes this perception that managers lack qualification as well as those involved with the Cebas process: 'There is little professionalism and much affection for the institution.' In response to the questionnaire regarding the question of who was responsible for the financial statements, 79% of the respondents reported they hired accounting services, 14% worked with self-employed accountants, and 7% used the institution's accountant; 85% of the professionals hired were specialized in the third sector. Thus, the TSOs hire professionals who have little knowledge regarding the third sector.

*External (independent) audit in TSOs.* The audit role is not to review or oversight financial statements. Auditing is a form to confirm the institution's integrity and compliance (interviewee #06), giving transparency to the process (interviewee #18), and preventively checking the institutions' reports (interviewee #02); TSOs usually only hire an independent audit to comply with a legal requirement. Interviewee #14 considers that TSOs resist hiring an auditing company when it is not mandatory.

According to interviewee #06, TSOs often seek to find cheaper auditing services to lower the cost of cash flow. Some institutions seek auditing companies that decrease testing and delivery time, which often compromises service quality. TSOs that split the audit cycle into two stages have a much better and higher level of compliance. The benefit of external audit is that it preventively monitors TSOs, crossing data and ensuring the statements' control and reliability. Interviewees #03 and #16 consider that auditing is the last level of the conference at TSOs, improving accountability and internal processes.

Criteria to hire external audit services include reputation and expertise in the third sector (interview #15), market referrals, budgetary reasons (interviewee #03), and consultation with other institutions and regulating bodies (interview #07). Interviewee #12 considers that small entities are not able to hire auditing companies. Sometimes, they do not even have the resources to pay an accountant. Interview #10 reported that he does not hire an auditing company for budgetary reasons, but it is in the organization's plans. A total of 33% of those who answered the questionnaire alleged the same reasons for not hiring an auditing company. None of those hiring independent auditors (67%) seeks large international auditing companies or organizations located in the same city of the institution. Only 58% of the companies hired work with the third sector only. Additionally, 67% tend to hire the same company for more than three years, suggesting they aggregate value to the Cebas process.

*Legal insecurity.* There is an action of unconstitutionality against Law No. 12,101/2009 (Brasil, 2009), which would change the obligation to maintain Cebas. Interviewee #10 considers 'there is a certification war' and that this certification should not exist because other laws, such as Art. 14 from the National Tax Code guarantee the same benefits. Interviewee #14 reported four legal changes in the last 25 years, with intense battles in the courts, including higher courts, involving the unconstitutionality of laws.

A Direct Action of Unconstitutionality (Adin) No. 2.028 was filed on July 13<sup>th</sup>, 1999, to discuss tax immunity among philanthropic organizations. This action encompasses contradictions and doubts in the judgments, especially regarding the Extraordinary Appeal 566622, according to which "the requirements for enjoying immunity shall be provided in complementary law." During the process of the Adin mentioned above, Law No. 12,101/2009 (Brasil, 2009) was issued, which revoked the articles that motivated the unconstitutionality and kept some of the conditions provided for in previous laws concerning requirements to obtain the certification, and established other criteria regulating relevant provisions of the Federal Constitution (Brasil, 1988).

*Other situations* involve slowness in the process of granting the Cebas certification, the ministries not receiving the process, destroyed TSOs' information, and not complying with the ordinances' requirements and accounting criteria. More than one area of expertise delays the process because it involves more than one ministry and demands identifying the main activity according to expenses (interviewee #02). Additionally, TSOs from the educational sector have to comply with other social activities (interviewee #03). Interviewee #05 reported that the system used to include data in the report of accounts is intransigent, which creates difficulties in the process.

According to interviewee #5, internal processes of ministries with operational weaknesses have hindered the certification processes. He reported that one of the renderings of accounts was rejected under the allegation that documents were not sent to the Ministry of Education, even though there was a Post Office protocol proving that the documentation had been sent. Additionally, the TSOs make wrong decisions. Interviewee #08 reported that one institution destroyed accounting information and documents after the fiscal year and ended the year's activities, which prevented the independent auditor from issuing an opinion report. Some TSOs decide to follow the certification process even though they know they do not meet legal requirements (interviewees #02 and #13). They insist on the process in the hopes that the staff in the ministries may occur in some error.

## 4.2 The effects of the Cebas

*Tax immunity.* All the interviewees consider that tax immunity is the leading motivation to obtain and renew Cebas. They adopt terms such as: economy (#06), tax immunity (#06, #08, #11, #12), tax benefits (#04, #15, #17), tax waivers (#05), maintain exemption and declaratory act (#09), tax exemption (#10, #13, #18), tax prerogative (#14), and guarantee employer social security account benefits (#16).

According to interviewee #16, having to pay the employer's social security share is a cumbersome burden for institutions, which usually have a huge payroll to provide the social services the Government is unable to provide. Interview #05 noted that tax immunity enabled 'us to ensure quality education for needy children who would otherwise not have access to these services.'

Interview #18 reported that being released from paying the employer's social security share, which is almost 25% of the payroll, together with other exemptions, such as PIS, represents financial savings. 'This certification is really good for institutions to approve projects because you can decrease budget costs.' Interviewee #06 reported that tax immunity 'is not a manager's choice; if it is the best for an entity and s/he is administering an entity of public interest, s/he must apply for the Cebas process to save resources.'

*TSOs' credibility.* Certified organizations enjoy a *differentiated treatment* on the part of the government because they comply with ITG 2002 (CFC, 2012), which gives security to public managers. According to interviewee #06: 'Whoever has Cebas stands out as an entity with the best management practices.' Interviewee #02 states that establishing a partnership with the government and private companies facilitates partnership with the SUS and projects with the Municipal Council for Children and Adolescents (CMDAC).

Interviewee #08 notes that another benefit concerns the improved image of TSOs. Once an entity obtains Cebas certification, it becomes a certificate that it complies with its social role. That is, the certification is a positive social factor. Interviewee #04 reports it lends credibility to the institution as it shows society that the institution complies with the ITG 2002 requirements (CFC, 2012). It shows that the government ratifies that the TSOs provide social assistance, health, and education (interviewee #09).

*Fundraising.* The impact of the certification on fundraising has two dichotomous situations: *benefits and positive influences* and *little influence*. It facilitates fundraising in Brazil and abroad (interviewees #01, #06, #09, #13, #16). International organizations favor institutions certified with Cebas. Good practices are a good differential in fundraising, both in Brazil and internationally. According to interviewee #13, because the certification demands a service plan, transparency, models of reports with comparison criteria, and accounting statements based on IFRS, it influences transparency, making international donors more comfortable to donate resources to these TSOs. Interviewee #06 says that 'the most important fundraising action is not having to spend because of immunity'.

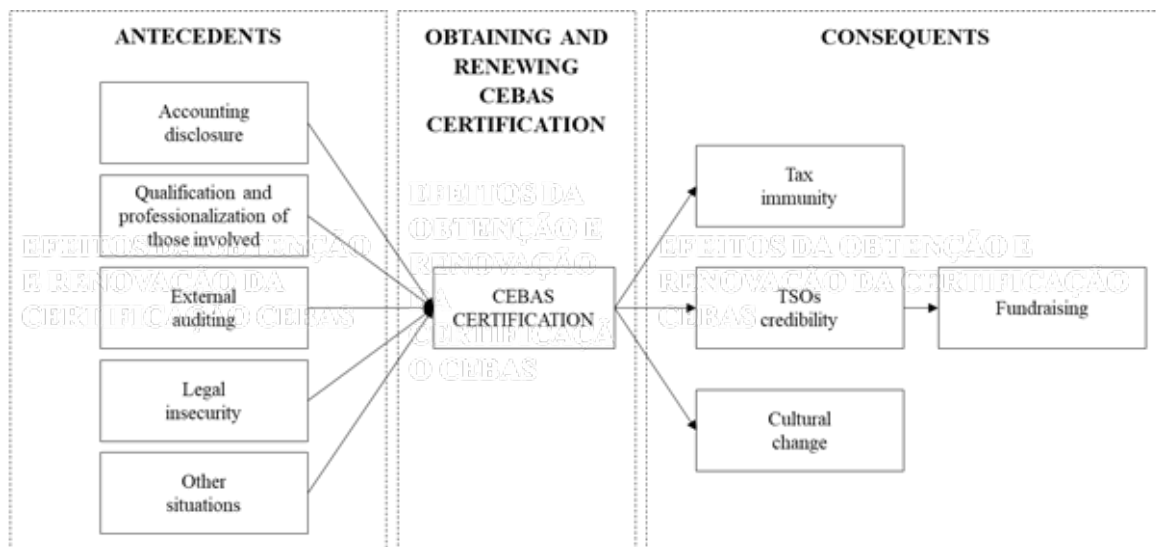
Internationally, Cebas is a reference for fundraising from Canadian funds in the European Union and the United Kingdom. Numerous entities apply for fundraising, but international entities are attentive to differentials and the international social investor, observing those with the best management conditions and efficiency/effectiveness (interviewee #06). In this context, interviewee #01 reported that not having the certification approved for the company she works for resulted in not receiving funds from abroad and a significant increase in costs due to taxes on the payroll.

On the other hand, interviewee #11 notes that Cebas does not provide competitive advantages depending on the institution. He notes: 'We already had institutions that did not apply for the certification on purpose. There was a case in which an institution struggled to obtain exemption of ICMS, but it was not worth it because its clients could not take advantage of the tax credit, which resulted in it losing market competitiveness.'

Some interviewees consider that the certification does not influence fundraising because the TSOs have other sources of income. According to interviewee #15, Cebas does not interfere in fundraising because school fees support the institution. Interviewee #03 considers it occurs because the entity has agreements with public and private institutions that do not demand the certification. Interview #07, in turn, reported that his institution works with environmental activities and projects with a low payroll cost. According to interviewee #12, the institutions analyze the cost-benefit of obtaining and renewing the Cebas certification. Many of these entities have the information that the benefits of tax immunity are not representative (interviewee #12), or opted for establishing the TSO as OSCIP (#18). Others prefer greater freedom to work (#11), being free from this certification's requirements, acknowledging that other laws ensure the benefits of this certification (#10).

*Cultural change.* In addition to the antecedents and effects of the Cebas certification, keeping it is a cultural challenge. According to interviewee #06, the managers of TSOs do not often pay attention to the importance of this certification, especially to its effects. This interviewee considers that the accounting profession is the primary driver of this culture change. The accountants' role is not restricted to providing services *per se*, only recording and enabling proper disclosure. Interviewee #02 considers that the role of accountants has changed over time, with a greater focus on the consultative role on how to maintain this certification, getting closer to TSOs to guide them, not being restricted to proper disclosure (#06). For instance, working with the social service to analyze income tax considering per capita household income (interviewee #02).

Figure 2 presents a summary of this discussion.



**Figure 2.** Antecedents and consequents of obtaining and renewing the Cebas certification



## 5. Discussion of Results

From a pragmatic and moral perspective, Cebas mainly legitimates the TSOs' tax immunity. The pragmatic legitimacy perspective mainly concerns the legitimacy of exchange because the TSOs' immediate public interests are served regarding tax benefits. In turn, it provides moral legitimacy to this certification, considering this audience makes a positive normative assessment. According to the typology provided by Suchman (1995), it mainly results from the adoption of socially accepted techniques and procedures (procedural legitimacy).

However, there is some controllable and uncontrollable vulnerability concerning the antecedents of this certification, which may compromise both pragmatic and moral legitimacies. The controllable vulnerability that may impose risks to the pragmatic legitimacy concerns fiscal disclosure, hiring an external auditing company, and training social actors. In Brazil, accounting services applied to the third sector follow the ITG 2002 standards (CFC, 2012), establishing the technical procedures and criteria for the TSOs' financial records and statements. The Brazilian Accounting Standards for micro and small businesses and all the standards not covered by the ITG 2002 still applied (CFC, 2012). Hence, the accounting standards applied to the TSOs are somewhat different from those applied to other organizations.

Silva, Da Silva, Penido Drumond, & De Assis Valadares (2017) verified that mistakes found in accounting statements are associated with the use of general, rather than specific accounting requirements demanded by the ITG 2002 (CFC, 2012). Ramos and Klan (2019) reported a low level of quality of accounting information among TSOs regardless of the Cebas certification. Therefore, their reports have low relevance for stakeholders, particularly supervisory entities, and are not used as accountability instruments for greater transparency to use or keep tax immunity and raise financial resources.

In other words, the quality of fiscal information is a vulnerability to be mitigated by the social actors involved in this process. It compromises the pragmatic legitimacy of Cebas certifications, considering that some TSOs have difficulties complying with ITG 2002 standards (CFC, 2012), which, according to this study's findings, is the leading reason for having the application denied. Hence, investments are needed to train TSOs' managers and accounting professionals regarding the certification process and the specific technical standards applied to the third sector, such as the ITG 2002 (CFC, 2012).

The certification's pragmatic legitimacy may also be compromised by a lack of external auditing, mainly because of the cost of this service. In this study, evidence shows a need to reinforce the role of external auditing, despite TSOs' budgetary restrictions. In addition to ensuring this certification is reliable, external auditing may also work as a learning tool and provide feedback to all the social actors involved in the process. Harris, Tate, & Zimmerman (2019) show the relevance of this process to ensure and improve TSOs' credibility in the United States. Reheul, Van Caneghem, Van den Bogaerd, & Verbruggen, 2017 verified that auditors experienced with the third sector are less likely to make mistakes in audit reports.

In many institutions, the decision to audit financial statements is voluntary, considering the advantages of auditing despite its costs. Hence, managers may use external auditing as a control mechanism to mitigate risks. Most small and medium-sized organizations do not have the financial resources to hire independent auditing services (Carrera & Trombetta, 2018). A small portion of nonprofit organizations does not hire audits due to financial difficulties (Burks, 2015). According to Garven, Beck and Parsons (2018), audited TSOs present higher-quality reports. The fact that they are nonprofit entities does not protect them from agency conflicts. The authors also show that auditors with contracts longer than three years may have their independence compromised, which may also affect the quality of reports.

Uncontrollable vulnerabilities involving legal insecurity and other situations, especially regarding internal processes of the Ministries of Health, Educational, and Social Assistance, weaken the certification's pragmatic and moral legitimacy. Legal insecurity concerning laws related to this certification is a fact, and TSOs are supposed to implement compliance procedures and organize the management of the certification process, reviewing all the procedures and cross-checking all information between sectors. Fagundes, Silva and Silva (2014) have noted that in addition to inefficiencies, arbitrariness, and corruption, legal insecurity distances TSOs from the Union due to the certifications' contextual complexities, including Cebas.

Regarding the effects of this certification, tax immunity remains one of the main reasons for institutions to apply for and renew Cebas. Thus, tax immunity is the most frequently expected outcome and contributes the most to its moral legitimacy. However, evidence also shows that some organizations do not see the relevance of this certification for other benefits, such as increased credibility and improved fundraising. Certifications in the United States and Europe (Yörük, 2016; Gordon, Knock, & Neely, 2009; Ortmann & Svítková, 2007) improve the fundraising process. TSOs supported by specialized advisory services use certifications as a credibility criterion, improving fundraising, not being restricted to tax immunity only (Adena et al., 2019).

In Brazil, TSOs may explore Cebas not only to obtain tax benefits but also to raise funds in Brazil and internationally. This practice is seldom adopted in Brazil, especially among small entities and those in which resources are guaranteed, such as regular education institutions that receive school fees. This fact shows a need for cultural change among TSOs' managers and accountants to use this certification to improve credibility and fundraising. Carroll & Stater (2009) show that having a diverse source of revenue among nonprofit organizations ensures greater financial stability.

The use of the certification entails more excellent administrative controls among TSOs, ensuring them greater credibility and transparency with society. It also shows the ability of accountants to use financial statements in decision-making. Cost management is used in decision-making to assess the benefits of the certification compared to the costs of its maintenance. Hence, accounting is part of the TSOs' decision-making process, as Lima and Pereira (2004) had previously noted, i.e., accountants can support decision-making and the management of organizations.

By exploring Cebas to raise funds nationally and internationally, TSOs strengthen this certification's moral and pragmatic legitimacy. According to Suchman (1995), one reason to seek legitimacy is the TSOs' continuity of business and credibility and a certainty that they are coherent and reliable organizations. In this case, moral legitimacy is more frequently reinforced than pragmatic legitimacy, as there are more benefits for TSOs.

Finally, evidence shows that TSOs are experiencing an isomorphic institutional change. Isomorphism refers to a response to the restrictive forces of the TSOs' external environment, forcing them to become similar to their counterparts/competitors (DiMaggio & Powell, 1983). In this case, through the mechanism of mimicry; that is, TSOs adjust to a new situation and adapt in the face of symbolic uncertainty by following other entities considered a model for being successful in obtaining and maintaining the CEbas certification.

## 6. Final Considerations

This study contributes with a holistic conceptual model, which can be tested in future quantitative studies, based on antecedent events of the public policy associated with Cebas and its effects, not previously discussed by the Brazilian literature. It also contributes to deepening understanding of controllable and uncontrollable vulnerability over the process and showing that this certification may be little relevant or valuable for fundraising, considering that TSOs' managers are only concerned with tax immunity.

This study alerts for the loss of opportunities of increasing the number of donors at the individual and organizational levels, exposing a shortsighted view of this certification. It also highlights the need to mitigate such vulnerability to strengthen this certification's pragmatic and moral legitimacy and the management of TSOs. In addition to using tax immunity in their tax planning, they can also ground their financial management on increased resources provided by national and international donors. Hence, according to the American Institute of Certified Public Accountants (AICPA, 2021), it is about applying accounting skills focused on sustainability to the 'company's strategy, assessing risks and opportunities, and providing measurement, accounting, and performance management skills to ensure sustainability is incorporated to the company's daily operations.'

Therefore, this study's theoretical contribution includes expanding the literature addressing certifications by discussing the impact of financial statements in obtaining Cebas. This study can also contribute to practitioners both in the public and third sectors, as it identifies the main steps in the technical reports analyzed in processes granting and renewing this certification. Therefore, it contributes to creating compliance mechanisms that can aid TSOs in preventing and correcting future reports. Additionally, another practical contribution is triggering training actions of the Federal Council of Accounting, directed to accounting professionals.

## References

- Adena, M., Alizade, J., Bohner, F., Harke, J., & Mesters, F. (2019). Quality certification for nonprofits, charitable giving, and donor's trust: Experimental evidence. *Journal of Economic Behavior and Organization*, 159, pp. 75–100. Doi: <https://doi.org/10.1016/j.jebo.2019.01.007>
- AICPA. American Institute of Certified Public Accountants. (2021). Sustainability Accounting. Accessed in January 2021: Retrieved from: <https://www.aicpa.org/interestareas/businessindustryandgovernment/resources/sustainability/sustainability-accounting.html>
- Atasoy, A. T. (2020). Behavioral responses of green builders to discontinuous certification schemes. *Resource and Energy Economics*, 60, 101141. Doi: <https://doi.org/10.1016/j.reseneeco.2019.101141>
- Auld, G., Gulbrandsen, L. H., & McDermott, C. L. (2008). Certification schemes and the impacts on forests and forestry. *Annual Review of Environment and Resources*, 33, pp. 187–211. Doi: <https://doi.org/10.1146/annurev.enviro.33.013007.103754>
- Barragato, C. A. (2019). The impact of accounting regulation on non-profit revenue recognition. *Journal of Applied Accounting Research*, 20(2), pp. 190–206. Doi: <https://doi.org/10.1108/JAAR-03-2017-0041>
- Beuren, I. M., & Tamanini, D. (2009). Controle das ações sociais em instituições de ensino superior para renovação do certificado de entidade beneficente e assistência social. *Enfoque: Reflexão Contábil*, 28(1), pp. 09–26. Doi: <https://doi.org/10.4025/enfoque.v28i1.4719>
- Boateng, A., Akamavi, R. K., & Ndoró, G. (2016). Measuring performance of non-profit organisations: Evidence from large charities. *Business Ethics*, 25(1), pp. 59–74. Doi: <https://doi.org/10.1111/beer.12108>

- Bomtempo, E., & Valadão, M. A. P. (2017). Análise Juseconômica da Imunidade Tributária Musical: O Caso do E- Music no Brasil. *Economic Analysis of Law Review*, 7(2), pp: 679–713. Recuperado de: <https://bdtd.ucb.br/index.php/EALR/article/view/7179>
- Brown, A. L., Meer, J., & Williams, J. F. (2017). Social distance and quality ratings in charity choice. *Journal of Behavioral and Experimental Economics*, 66, pp. 9–15. Doi: <https://doi.org/10.1016/j.socec.2016.04.006>
- Burks, J. J. (2015). Accounting errors in nonprofit organizations. *Accounting Horizons*, 29(2), pp. 341–361. Doi: <https://doi.org/10.2308/acch-51017>
- Carrera, N., & Trombetta, M. (2018, January 1). A pequena vira grande! O papel das “pequenas” auditorias no estudo do mercado de auditoria. *Revista Contabilidade e Finanças*, 29, pp. 9–15. Doi: <https://doi.org/10.1590/1808-057x201890230>
- Carroll, D. A., & Stater, K. J. (2009). Revenue diversification in nonprofit organizations: Does it lead to financial stability? *Journal of Public Administration Research and Theory*, 19(4), pp. 947–966. Doi: <https://doi.org/10.1093/jopart/mun025>
- Cavero-Rubio, J. A., & Amorós-Martínez, A. (2020). Environmental certification and Spanish hotels' performance in the 2008 financial crisis. *Journal of Sustainable Tourism*, 28(5), pp. 771–796. Doi: <https://doi.org/10.1080/09669582.2019.1705316>
- CFC. Conselho Federal de Contabilidade. (2012). Resolução n. 1.409, de 21 de setembro de 2012. Aprova a ITG 2002 – Entidade sem Finalidade de Lucros. Retrieved from [https://www2.cfc.org.br/sisweb/sre/detalhes\\_sre.aspx?Codigo=2015/ITG2002\(R1\).&Codigo=2015/ITG2002\(R1\)](https://www2.cfc.org.br/sisweb/sre/detalhes_sre.aspx?Codigo=2015/ITG2002(R1).&Codigo=2015/ITG2002(R1)). Accessed in June 2019.
- Costa, E., & Pesci, C. (2016). Social impact measurement: why do stakeholders matter? *Sustainability Accounting, Management and Policy Journal*, 7(1), pp. 99–124. Doi: <https://doi.org/10.1108/SAMPJ-12-2014-0092>
- Degnet, M. B., van der Werf, E., Ingram, V., & Wesseler, J. (2018). Forest plantations' investments in social services and local infrastructure: an analysis of private, FSC certified and state-owned, non-certified plantations in rural Tanzania. *Land Use Policy*, 79(July), pp. 68–83. Doi: <https://doi.org/10.1016/j.landusepol.2018.07.041>
- DiMaggio, P., & Powell, W. (2000). The iron cage revisited institutional isomorphism and collective rationality in organizational fields. In J. A. C. Baum & F. Dobbin (Eds.), *Economics Meets Sociology in Strategic Management* pp. 143–166. Doi: [https://doi.org/10.1016/S0742-3322\(00\)17011-1](https://doi.org/10.1016/S0742-3322(00)17011-1)
- Fagundes, L. R., Silva, V. A. A., & Silva, C. E. G. (2014). Certificações públicas concedidas às organizações da sociedade civil no Brasil. Entre dimensões normativas e complexidades contextuais. *Cadernos Gestão Pública e Cidadania*, 19(64), pp. 41–57. Doi: <https://doi.org/10.12660/cgpc.v19n64.8930>
- Fonif. Fórum Nacional das Instituições Filantrópicas. (2018). Pesquisa: A contrapartida do setor filantrópico para o Brasil. Retrieved from: <http://www.asav.org.br/wp-content/uploads/2019/04/Pesquisa-Setor-filantr%C3%B3pico-2018-FONIF.pdf>
- Garven, S. A., Beck, A. W., & Parsons, L. M. (2018). Are audit-related factors associated with financial reporting quality in nonprofit organizations? *Auditing*, 37(1), pp. 49–68. Doi: <https://doi.org/10.2308/ajpt-51819>
- Gidron, B. (2010). Promoting civil society in Third Sector organizations through participatory management patterns. *European Management Journal*, 28(6), pp. 403–412. Doi: <https://doi.org/10.1016/j.emj.2010.06.005>
- Gordon, T. P., Knock, C. L., & Neely, D. G. (2009). The role of rating agencies in the market for charitable contributions: An empirical test. *Journal of Accounting and Public Policy*, 28(6), pp. 469–484. Doi: <https://doi.org/10.1016/j.jaccpubpol.2009.08.001>

- Grieco, C., Michelini, L., & Iasevoli, G. (2015). Measuring Value Creation in Social Enterprises: A Cluster Analysis of Social Impact Assessment Models. *Nonprofit and Voluntary Sector Quarterly*, 44(6), pp. 1173–1193. Doi: <https://doi.org/10.1177/0899764014555986>
- Grizzle, C., & Sloan, M. F. (2016). Assessing changing accountability structures created by emerging equity markets in the nonprofit sector Markets in the Nonprofit Sector. *Public Administration Quarterly*, 40(2), pp. 387–408. Retrieved on May 28, 2021 from: <https://www.jstor.org/stable/24772936>
- Harris, E. E., Tate, S. L., & Zimmerman, A. B. (2019). Does Hiring a Local Industry Specialist Auditor Matter to Nonprofit Organizations? *Nonprofit and Voluntary Sector Quarterly*, 48(3), pp. 633–664. Doi: <https://doi.org/10.1177/0899764018784752>
- Khieng, S. (2014). Funding Mobilization Strategies of Nongovernmental Organizations in Cambodia. *Voluntas*, 25(6), pp. 1441–1464. Doi: <https://doi.org/10.1007/s11266-013-9400-7>
- Krasteva, S., & Yildirim, H. (2016). Information, competition, and the quality of charities. *Journal of Public Economics*, 144, pp. 64–77. Doi: <https://doi.org/10.1016/j.jpubeco.2016.10.008>
- Lima, E. M., & Pereira, C. A. (2004). Apuração e evidenciação dos resultados das instituições de ensino superior com certificado de entidade beneficente de assistência social. *Revista Contabilidade & Finanças*, 15(36), pp. 35–49. Doi: <https://doi.org/10.1590/s1519-70772004000300007>
- Merriam, S. (1998). *Qualitative Research and Case Study Applications in Education. Revised and Expanded from "Case Study Research in Education."*. Retrieved from <http://www.eric.ed.gov/ERICWebPortal/recordDetail?accno=ED415771>
- Mohan, S. (2020). Risk aversion and certification: Evidence from the Nepali tea fields. *World Development*, pp. 129. Doi: <https://doi.org/10.1016/j.worlddev.2020.104903>
- Niedziakowski, K., & Shkaruba, A. (2018). Governance and legitimacy of the Forest Stewardship Council certification in the national contexts—A comparative study of Belarus and Poland. *Forest Policy and Economics*, 97, pp. 180–188. Doi: <https://doi.org/10.1016/j.forpol.2018.10.005>
- ONU. Organização das Nações Unidas. (2015). Sobre o nosso trabalho para alcançar os Objetivos de Desenvolvimento Sustentável no Brasil. Recuperado em janeiro 2021 de: <https://brasil.un.org/pt-br/sdgs>
- Ortmann, A., & Svítková, K. (2007). Certification as a Viable Quality Assurance Mechanism in Transition Economies: Evidence, Theory, and Open Questions. *Prague Economic Papers*, 16(2), pp. 99–114. Doi: <https://doi.org/10.18267/j.pep.300>
- Ramos, F. M., & Klann, R. C. (2019). Relationship between quality in accounting information and organizational characteristics of the third sector entities. *Organizações & Sociedade*, 26(88), pp. 9–27. Doi: <https://doi.org/10.1590/1984-9260881>
- Reheul, A. M., Van Caneghem, T., Van den Bogaerd, M., & Verbruggen, S. (2017). Auditor gender, experience and reporting in nonprofit organizations. *Managerial Auditing Journal*, 32(6), pp. 550–577. Doi: <https://doi.org/10.1108/MAJ-01-2016-1296>
- Santos, C. M. V. dos, Ohayon, P., & Pimenta, M. M. (2017). Disclosure via website e as características das empresas do terceiro setor: um estudo empírico das entidades cariocaS. *Advances in Scientific and Applied Accounting*, 10(1), pp. 073–090. Doi: <https://doi.org/10.14392/asaa.2017100105>
- Schepers, D. H. (2010). Challenges to legitimacy at the Forest Stewardship Council. *Journal of Business Ethics*, 92(2), pp. 279–290. Doi: [10.1007/s10551-009-0154-5charity](https://doi.org/10.1007/s10551-009-0154-5charity)
- Silva, C. M., Da Silva, J. R., Penido Drumond, F. M., & De Assis Valadares, J. P. (2017). Entidades Do Terceiro Setor: estudo de casos múltiplos da adoção da itg 2002 em prestações de contas de fundações mineiras de direito privado. *SINERGIA - Revista do Instituto de Ciências Econômicas, Administrativas e Contábeis*, 21(1), pp. 9–20. Doi: <https://doi.org/10.17648/sinergia-2236-7608-v21n1-5324>

- Svítková, K. (2013). Certification and its impact on quality of charities. *Prague Economic Papers*, 22(4), pp. 542–557. Doi: <https://doi.org/10.18267/j.pep.467>
- Weisbrod, B. A., & Dominguez, N. D. (1986). Demand for collective goods in private nonprofit markets: Can fundraising expenditures help overcome free-rider behavior? *Journal of Public Economics*, 30(1), pp. 83–96. Doi: [https://doi.org/10.1016/0047-2727\(86\)90078-2](https://doi.org/10.1016/0047-2727(86)90078-2)
- Wen, H., & Lee, C. C. (2020). Impact of environmental labeling certification on firm performance: Empirical evidence from China. *Journal of Cleaner Production*, 255, 120201. Doi: <https://doi.org/10.1016/j.jclepro.2020.120201>
- Williams, A. P., & Taylor, J. A. (2013). Resolving Accountability Ambiguity in Nonprofit Organizations. *Voluntas*, 24(3), pp. 559–580. Doi: <https://doi.org/10.1007/s11266-012-9266-0>
- Yörük, B. K. (2016). Charity Ratings. *Journal of Economics and Management Strategy*, 25(1), pp. 195–219. Doi: <https://doi.org/10.1111/jems.12139>