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The Influence Of Accounting On Fundraising In Civil Society Organizations: A Theoretical And Practical Approach

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Abstract
This article explores the influence of accounting on the fundraising process for civil society organizations (CSOs), emphasizing its strategic importance for financial sustainability. Through an in-depth analysis of literature and theoretical approaches, the study identifies the main challenges faced by CSOs in obtaining funding, including compliance with accounting standards, transparency in financial statements and communication of their social impacts. It highlights that robust accounting practices are essential for building funders' trust, boosting donations and maximizing efficiency in the use of resources. The article also examines emerging accounting strategies aimed at donors, who seek clear and reliable information on how their social investments are managed. We conclude that the application of improved accounting practices can significantly improve the credibility of CSOs, facilitating fundraising and building long-term partnerships. This research contributes to filling theoretical and practical gaps, providing guidelines for CSO managers and accountants seeking to strengthen their financial strategies and improve their relationships with donors and social investors.
Keywords: *Accounting, Transparency, Fundraising, Civil Society Organizations (CSOs), Accountability.*

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I. Introduction

The strategic importance of accounting practices for fundraising in civil society organizations (CSOs) has been increasingly recognized in both theory and practice (Tondolo et al., 2023). These organizations, which play a crucial role in meeting social needs, face significant challenges in terms of financial sustainability. Accounting, not just as a recording function, but as a strategic communication and management tool, has emerged as a fundamental pillar for transparency and efficiency in fundraising (Willems, 2021; Tondolo et al., 2023).

Existing literature has addressed various angles of the relationship between accounting and fundraising in CSOs (Tondolo et al., 2023). Authors such as Connolly and Hyndman (2013), Willems (2021) and Tondolo et al. (2023) point out that the transparency and quality of accounting information is perceived by donors as indicative of organizational reliability and effectiveness. However, there is a gap in the specific understanding of how accounting practices can be optimized to improve fundraising, as well as how these practices affect the perception and behavior of funders. This article seeks to fill these theoretical gaps by providing a detailed analysis of the accounting strategies that enhance fundraising in CSOs.

This study is guided by the following research question: How do accounting practices influence fundraising in civil society organizations and how can this be optimized to strengthen the financial sustainability of these entities? Based on this question, the main objective is to analyze current accounting practices and identify strategies that can improve fundraising effectiveness. In addition, the article aims to explore how transparency and accounting communication can be better used to build and maintain donor trust.

Despite advances in accounting research in the third sector, little is known about the specific intersection between accounting and fundraising effectiveness, particularly in contexts where donors demand greater accountability and transparency (Willems, 2021; Tondolo et al., 2023; Williamson et al., 2022; Araújo-Pinzón, Capelo-Bernal : Núñez- Nickel, 2024). The works by Ebrahim (2003) and Araújo-Pinzón, Capelo-Bernal : Núñez-Nickel (2024), which discuss accountability in non-profit organizations, and that by Kearns (1994), which explores performance management in these organizations, provide a solid theoretical basis, but leave room for a more in-depth analysis of the specific accounting practices that can lead to more assertive fundraising.

This article is structured to provide a detailed theoretical analysis followed by practical recommendations. We will begin with a review of the literature on accounting practices in entities and their influence on fundraising. This is followed by an analysis of the challenges faced by organizations in this area,

exploring how accounting can be a determining factor in successfully obtaining funding. The next section will discuss emerging strategies that institutions can adopt to improve their accounting practices in order to communicate more effectively with donors and funders. The article concludes with a synthesis of the findings and recommendations for future research, outlining how these can contribute to the accounting practice and management of CSOs.

II. Literature Review

The Role Of Accounting In Csos

Evolution Of Accounting In The Third Sector

The evolution of accounting in the third sector is a field of study that is gaining increasing relevance, especially as organizations play an increasingly critical role in tackling social challenges. Historically, accounting for these organizations was seen as a simple recording and reporting mechanism, with a predominant focus on compliance with legal and regulatory requirements. Over time, however, it has become a strategic tool for fundraising, performance evaluation and communication with stakeholders (Tondolo et al., 2023).

Over the decades, entities have come to face more complex accountability demands, requiring high levels of transparency and effectiveness (Willems, 2021; Williamson et al., 2022). Ebrahim (2003) highlighted the growing importance of accounting practices as an accountability mechanism, arguing that accountability in CSOs should be understood more broadly than simply complying with regulatory requirements (Williamson et al., 2022). In this sense, accounting has become an essential component in maintaining the trust of funders and legitimizing these entities in society.

At the same time, Connolly and Hyndman (2013) argued that the growing complexity in the sources of funding for institutions - including private donors, government agencies and institutional funders - has made accounting a vital tool for communicating organizational effectiveness and social impact. Thus, the evolution of accounting in the third sector is not merely a technical phenomenon, but a strategic one. This has required CSOs to develop robust management accounting systems, capable of informing strategic decisions about resource allocation and project implementation.

In addition, globalization has brought with it the need to harmonize international accounting standards for third sector organizations. Studies by Keating and Frumkin (2003) show how crucial this harmonization is for organizations that operate in several countries or depend on international funders. The evolution of accounting in this scenario is moving towards a more uniform set of standards, allowing comparisons between entities in different regions and facilitating access to global funders.

This transformation in the accounting of third sector organizations also reflects greater professionalization in their management practices. As Herman and Renz (2008) point out, CSOs have begun to adopt management methodologies that include more detailed performance evaluations and financial analyses, seeking compliance with standards, as well as optimizing the use of their resources to maximize their social impact. This professionalization has been driven both by the growing demand from funders for detailed information on the use of their contributions and by CSOs' desire to improve their operations and provide more consistent results.

The evolution of accounting in the third sector has also given rise to innovative practices for measuring and reporting social impact. According to Epstein and McFarlan (2011), there has been a move towards integrating financial and non-financial metrics into reporting, providing a more comprehensive view of entities' performance and impact. This has brought additional challenges, as measuring social impact is intrinsically more complex than simply reporting financial figures. However, this integrated approach to accounting represents a significant advance in the way CSOs communicate with their funders and other stakeholders.

Another important aspect of this evolution is the incorporation of management accounting principles to facilitate strategic decision-making. As noted by Kaplan (2001), the use of management tools such as the Balanced Scorecard and activity-based cost analysis has helped CSOs to identify areas where they can improve their efficiency and effectiveness. By aligning their financial and social objectives, CSOs are able to direct their efforts towards activities that generate greater impact and thus more clearly justify the investment made by their funders.

However, despite these advances, significant challenges remain in implementing these modern accounting practices. For example, the need to align international accounting standards with local regulations can be an arduous task for smaller organizations, which often do not have the structure or resources to deal with these requirements. Furthermore, as discussed by Wellens and Jegers (2014), transparency in financial reporting must be balanced with the protection of sensitive information to avoid competitive or reputational damage.

The evolution of accounting in the third sector reflects a continuous adaptation to the demands of funders and the growing complexity of the environment in which organizations operate. It has become a strategic discipline that allows these organizations to optimize their fundraising, communicate their impact more productively and ultimately strengthen their operations (Tondolo et al., 2023). This development process must be

closely monitored by researchers and professionals to ensure that accounting practices continue to meet the needs of organizations and their stakeholders.

Specific accounting standards for CSOs

Specific accounting standards for CSOs play a crucial role in defining their financial management practices and transparency (Willems, 2021). Given the diverse and often complex environment in which they operate, these standards are intended to provide a clear framework for entities to report their activities in a consistent manner, ensuring the trust of funders, donors, beneficiaries and regulators.

However, unlike the business sector, which has standardized norms such as IFRS or US GAAP, CSO regulations vary significantly between jurisdictions and do not always reflect the particularities of these entities. Connolly and Dhanani (2009) point out that due to the lack of global harmonization and the diverse nature of CSOs, national or regional accounting standards are often adjusted or developed specifically for this sector. Countries such as the United Kingdom, for example, have instituted SORPs (Statements of Recommended Practice) for charitable organizations to guide the preparation of financial statements that meet transparency and accountability requirements (Willems, 2021).

In the international context, the Global Reporting Initiative (GRI) has stood out as an innovative standard in promoting accounting and sustainability reporting standards for organizations in various sectors, including CSOs. This set of standards, which is widely accepted globally, facilitates transparency and comparability between organizations operating in different countries and contexts. The GRI offers a detailed framework covering economic, environmental and social aspects, aligning CSO reports with global sustainability practices.

This standard is particularly relevant in the context of CSOs, as explored by Cordery and Simpkins (2016), as it allows these organizations to demonstrate not only their financial effectiveness, but also the social and environmental impact of their activities. The adoption of the GRI by CSOs allows for clearer and more detailed communication of their performance in critical areas of interest to international funders and local stakeholders, thus facilitating fundraising and the establishment of strategic partnerships.

Although the implementation of the GRI can be challenging, especially for smaller organizations due to its complexity and the cost of implementation, the initiative has been recognized as a significant step towards the standardization of global impact reporting. This effort not only helps with internal management, but also raises the standard of accountability and transparency for CSOs, fostering greater trust and support from funders and the community at large.

Despite these initiatives, challenges to the adoption of specific accounting standards persist. One of the main issues is the need to balance the complexity of financial reporting with the limited resources of some CSOs, especially smaller ones. Cordery and Baskerville (2007) point out that applying rigid standards can overburden smaller organizations, which may not have qualified professionals or advanced accounting systems. Therefore, standards adapted to the scale and complexity of the organization are essential to ensure that reporting is feasible and relevant.

In addition, specific accounting standards must accommodate the need for social impact reporting. Ebrahim and Rangan (2014) argue that transparency in financial statements is insufficient to capture the true value of entities, necessitating reporting that encompasses both financial and social impacts. In this context, standards should include guidance on measuring and communicating social outcomes, facilitating accountability for funders and stakeholders.

CSO-specific accounting standards are essential for maintaining trust in the sector and providing a solid basis for financial management. They need, however, to be adaptable enough to reflect the diversity of size, structure and activity of these organizations, while accurately capturing their financial and social impact. Developing accounting standards that balance transparency, efficiency and comparability remains a challenge, but is key to promoting optimal management in the third sector (Willems, 2021).

Fundraising And Accountability

Theories on Fundraising and Accountability in CSOs

Fundraising and accountability in CSOs are widely discussed in the literature, given the growing demand for transparency and efficiency in the financial management of these entities (Williamson et al., 2022; Araújo-Pinzón, Capelo-Bernal : Núñez-Nickel, 2024). The ability to raise funds is largely dependent on the trust and credibility that an organization builds with its funders. This is why accountability and fundraising are intrinsically linked (Tondolo et al., 2023; Williamson et al., 2022; Araújo-Pinzón, Capelo-Bernal : Núñez- Nickel, 2024).

According to Salamon, Geller and Spence (2009), fundraising is a multidimensional process that involves seeking donations, as well as building lasting relationships with donors and funders. This requires a high degree of transparency in financial practices and excellent communication of the social impact achieved. Accountability, in this context, should be seen as a practice that goes beyond merely complying with rules and

regulations; it is fundamental to demonstrating results and justifying the trust placed (Tondolo et al., 2023; Williamson et al., 2022; Araújo-Pinzón, Capelo-Bernal : Núñez-Nickel, 2024).

Ebrahim (2003) outlined different forms of accountability in CSOs, emphasizing that these entities face a variety of demands from stakeholders, including funders, governments, beneficiaries and society in general. Each group requires different types of accountability, which complicates the creation of a single reporting system (Araújo-Pinzón, Capelo-Bernal: Núñez-Nickel, 2024). Ebrahim suggested that accountability should be adapted to meet the needs of each audience, making it more of an art than an exact science. In terms of fundraising, this implies customizing communication and accounting reports to align with donor expectations (Tondolo et al., 2023).

Another important perspective comes from Benjamin (2008), who argues that accountability can be seen as a form of institutional legitimization. Entities seek legitimacy by aligning themselves with the expectations of donors and society, presenting themselves as responsible and transparent organizations. This reinforces the importance of well-defined performance metrics that allow CSOs to clearly report on their progress and impact. The lack of such metrics can make fundraising difficult, as funders are less likely to invest in organizations that cannot demonstrate their results (Tondolo et al., 2023).

Cordery and Baskerville's (2007) approach highlights the importance of a balance in CSO transparency, warning of the risks of exposing strategic or sensitive information. This concern is especially relevant when disclosure can reveal data on vulnerable beneficiaries, exposing them to risks or violating their privacy. In this context, it is essential that institutions adopt transparency policies that protect critical information while satisfying the accountability demands of funders and the community.

A current and innovative example that illustrates this practice is the use of blockchain technologies for data management in CSOs. Blockchain technology, known for its ability to offer simultaneous transparency and security, can be applied to create immutable and transparent records of transactions and fund allocations, without revealing sensitive beneficiary information. For example, the organization BitGive uses blockchain technology to trace donors' contributions through to their final use, offering a clear and verifiable view of the flow of funds without compromising the privacy of those involved. This use of technology not only strengthens the trust of funders, but also sets a new standard in transparency practices for these entities, effectively combining openness and data protection. This approach advances the discussion on how to balance transparency and information protection in CSOs and introduces a practical model that can be replicated to improve the integrity and efficiency of operations, in line with modern trends in digitization and data security.

Theories on fundraising and accountability in CSOs converge on the need for a strategic approach that considers the expectations of different stakeholders (Tondolo et al., 2023; Williamson et al., 2022; Araújo-Pinzón, Capelo-Bernal: Núñez-Nickel, 2024). Communicating clear accounting practices and effective performance metrics can create a virtuous circle, where accountability nurtures trust, which in turn facilitates fundraising (Tondolo et al., 2023). However, accountability must be carefully managed to balance transparency and protection, ensuring that trust is earned in a sustainable way (Willems, 2021).

The influence of accounting transparency on donor behavior

The influence of accounting transparency on donor behavior is a topic that has been extensively discussed in the field of fundraising for CSOs, since funders' trust is closely linked to the clarity and accuracy of financial statements and social impact reports. Transparent accounting practices, in this context, are not just a regulatory obligation, but a strategic differentiator that can leverage the financial sustainability of these entities.

Connolly and Hyndman (2013) pointed out that individual and institutional donors seek accounting information that demonstrates the performance and productivity of organizations. This transparency allows funders to understand how their resources are being used and also provides insight into the social impact that is being generated. Donors tend to value organizations that provide clear and detailed financial reports, as this signals good management practices and an ethical approach to accountability.

In addition, Behn, DeVries and Lin (2010) suggest that accounting transparency can directly influence donor behavior, increasing their propensity to donate and the value of contributions. This is because accounting transparency helps to reduce the asymmetry of information between donors and CSOs, strengthening trust and the perception of legitimacy of organizations. Access to information about operating costs, resource allocation and performance allows funders to make more informed choices about their donations.

However, accounting transparency must be accompanied by strategic communication to ensure that the information provided is interpreted correctly by donors (Willems, 2021). As noted by Harris and Neely (2021), simply providing financial data may not be enough to positively impact the behavior of funders. CSOs need to contextualize these figures with clear explanations of how the resources are being applied to achieve their objectives and what the resulting social impact is.

On the other hand, it is crucial to recognize that excessive transparency can pose substantial risks for organizations, especially when the disclosure of detailed information can compromise the security of vulnerable

beneficiaries or reveal strategic data to competitors. Keating and Frumkin (2003) point out that entities must seek a careful balance between transparency and protecting their operations to avoid disclosing sensitive information that could be misinterpreted or misused.

A contemporary example of this practice is the use of data management systems that employ anonymization and pseudonymization techniques, which protect personal information while still allowing data analysis for transparency and accountability purposes. For example, the international organization Médecins Sans Frontières has begun implementing data management systems that use these techniques to report the location and status of its humanitarian projects without compromising the safety of beneficiaries or staff in the field. This method not only protects sensitive information, but also ensures that funders and the general public can clearly see how resources are being used, without putting individuals at risk.

This approach contributes to advancing the literature on best practices in CSO information management, as well as highlighting the importance of adopting data protection technologies to address contemporary information governance challenges. By implementing advanced technology solutions for data management, organizations can maintain a high level of transparency while ensuring that the integrity and security of beneficiary and organizational information is not compromised.

Accounting transparency is an essential tool for positively influencing donor behavior. It provides the basis for building relationships of trust, while demonstrating CSOs' commitment to ethical and transparent financial practices. However, this transparency needs to be managed strategically to maximize benefits and mitigate risks, providing meaningful information that reinforces the legitimacy and accountability of organizations.

III. Challenges In Fundraising For Oscs

Compliance With Accounting Standards

Difficulties faced by CSOs in meeting standards

The challenges in raising funds for CSOs are amplified by the difficulties they face in complying with accounting standards. These challenges arise due to the complexity of these entities' operations and the increasing demands from funders and regulatory bodies. Compliance with accounting standards is crucial to demonstrating financial responsibility and maintaining the trust of donors. However, many entities encounter significant barriers that make it difficult to meet these standards (Tondolo et al., 2023).

One of these barriers is related to the size and administrative capacity of organizations. As highlighted by Hyndman and McConville (2018), many CSOs, especially smaller ones, do not have specialized third sector accounting teams or adequate systems to implement the standards. They face difficulties in generating accurate and detailed reports that meet the multiple demands of different stakeholders. This can compromise their ability to demonstrate transparency and, consequently, hinder their fundraising efforts (Tondolo et al., 2023).

In addition, accounting standards vary significantly between different countries, complicating compliance for CSOs that operate globally or receive funding from international sources. Keating and Frumkin (2003) point out that organizations often have to reconcile local standards with international requirements, creating an administrative burden. Harmonization of these standards is necessary to facilitate comparability, but the lack of a global consensus still represents a significant obstacle.

Another challenge is that some accounting standards are not adapted to the particularities of CSOs. Connolly and Hyndman (2017) point out that many guidelines were originally developed for for-profit companies, which can lead to an inadequate approach when applied to entities. For example, the distinction between operating and administrative expenses does not always accurately reflect the social impact of these organizations' activities, resulting in reports that can be misinterpreted by funders.

In addition, the need to demonstrate compliance with accounting standards can conflict with the imperative to protect strategic information. Benjamin (2008) notes that by disclosing certain financial data, CSOs run the risk of exposing fundraising strategies or revealing the identity of vulnerable beneficiaries.Thus, compliance needs to be balanced with information security to avoid competitive or reputational damage.

Therefore, the difficulties faced by CSOs in complying with accounting standards is a complex issue that involves the need to balance transparency, administrative efficiency and data protection. A more flexible approach adapted to the specific characteristics of CSOs can help minimize these challenges, allowing organizations to improve their accountability and consequently strengthen their fundraising (Tondolo et al., 2023).

Problems of international harmonization of standards

The problems of international harmonization of accounting standards for CSOs represent a significant challenge for transparency and comparability in the financial reporting of these entities. The lack of an internationally accepted accounting standard for entities creates a fragmented landscape, where organizations operating in multiple regions find it difficult to simultaneously meet the various local and international

requirements. This complicates accounting compliance and consequently impacts fundraising and accountability (Tondolo et al., 2023).

According to Cordery and Simpkins (2016), many accounting standards applied to CSOs were originally designed for for-profit organizations and therefore do not adequately capture the activities and social impacts specific to the third sector. This leads to divergences in the way financial information is collected, recorded and reported. The lack of a standard structure can result in inconsistencies that make it difficult for funders to compare the performance of different organizations and understand the real impact of their donations.

In addition, cultural and legal differences between countries significantly influence the development of accounting standards. Connolly and Hyndman (2017) point out that some jurisdictions, such as the United Kingdom and the United States, have relatively well-defined standards for CSOs, while other nations have less stringent rules or are still developing specific accounting frameworks. This creates an imbalance in the level of transparency and accountability, affecting the trust of international funders (Willems, 2021).

Cordery and Baskerville (2007) note that the implementation of a single standard needs to take into account the diverse characteristics of entities, such as size, scope and purpose. Adopting a universal approach without room for local adjustments can burden smaller organizations with excessive bureaucratic requirements. In addition, international harmonization of standards faces resistance from CSOs themselves and from regulatory bodies, who fear losing autonomy or flexibility in their accounting practices. Ebrahim and Rangan (2014) point out that the diversity of activities carried out by CSOs requires a personalized accountability approach, which can be hindered by excessively generic standards.

International harmonization of accounting standards for entities is a complex challenge, as it requires creating a balance between standardization and flexibility. Lack of harmonization can result in inconsistent accounting practices that affect the transparency and comparability of financial reports, damaging the confidence of funders. It is therefore crucial that any initiative in this direction takes into account the peculiarities of CSOs, promoting a structure that can be adapted to local needs and at the same time meet international accountability standards.

Transparency And Financial Communication

Obstacles to the clarity and consistency of financial statements

Transparency and financial communication are key to building the trust of donors, regulators and beneficiaries in CSOs. However, a number of obstacles to clear and consistent financial statements hinder CSOs' ability to provide transparent and understandable reports, making it difficult to convey crucial information about their activities and social impact (Willems, 2021). These challenges range from a lack of resources for proper accounting processes to a lack of clear accounting standards that are adapted to the particularities of CSOs.

Hyndman and McConville (2018) point out that one of the main obstacles is the limited technical capacity of many entities, especially smaller ones, which often lack qualified accounting professionals or efficient financial management systems. This can lead to errors in the preparation of financial reports, resulting in inconsistent information that undermines transparency (Willems, 2021). In addition, a lack of resources can make it unfeasible to implement robust internal control systems, which are essential for ensuring the accuracy of financial data.

The diversity of funding sources and their specific requirements is another challenge. Cordery and Baskerville (2007) argue that many entities need to comply with different reporting requirements for various funders, from individual donors to governments and foundations. This results in a significant administrative burden and can force organizations to adjust their reporting according to each stakeholder, creating inconsistencies in the overall presentation.

In addition, accounting standards often do not adequately reflect the activities and structure of institutions. Connolly and Hyndman (2017) note that traditional accounting standards, which originated for for-profit companies, are often applied to CSOs, but do not capture the complexity of their operations. For example, the distinction between operating and administrative expenses can be unclear in third sector activities, resulting in financial reports that do not accurately communicate the use of resources and social impact.

Financial reporting is also hampered by the lack of standardized metrics for assessing and reporting social impact. As pointed out by Ebrahim and Rangan (2014), social impact measurement is highly subjective, and the indicators used vary between different organizations, making it difficult to compare the reports of different CSOs. This can lead to a lack of trust from funders, who are unable to clearly assess the social return on their investments.

Finally, CSOs face the challenge of balancing transparency and protecting strategic information. Behn, DeVries and Lin (2010) warn that excessive disclosure of data can compromise the security of beneficiaries or provide valuable information to competitors. Therefore, a middle ground must be found between providing enough transparency to generate trust and protecting confidential information.

The clarity and consistency of institutions' financial statements are hampered by obstacles that include the lack of technical resources, the diversity of funding requirements, the inadequacy of accounting standards and the lack of standardized metrics for social impact. Overcoming these challenges requires coordinated efforts to develop accounting standards adapted to the third sector and investing in capacity building for CSOs, strengthening their financial reporting processes.

How accounting communication can influence the perception of financiers

Transparency and financial communication play a crucial role in influencing funders' perceptions of CSOs. The way these institutions communicate their accounting practices and the social impact of their activities can strengthen funders' trust and legitimize funding requests, creating a connection that goes beyond simple compliance with regulatory standards.

Connolly and Hyndman (2013) point out that individual and institutional funders are looking for financial information that allows them to understand how their resources are being used and what social impact is being generated. Accounting communication, in this sense, must go beyond simple formal financial reports to provide a comprehensive view of resource management, including operational efficiency indicators and results metrics. When done in a clear and understandable way, accounting communication can positively influence the perception of funders, demonstrating responsibility and competence.

An essential element of this communication is the presentation of accurate and detailed financial statements. Keating and Frumkin (2003) note that funders are more likely to support organizations that demonstrate transparency in the allocation of resources, specifying how each cent is used to achieve the proposed social objectives (Willems, 2021). However, it is essential that accounting communication also includes narratives that explain how spending contributes to the desired social impact.

Ebrahim and Rangan (2014) point out that measuring performance and communicating social results are critical aspects that shape funders' perceptions. Reports should be structured in such a way that social impact metrics are clearly understood and related to the organization's strategic goals. This creates a cohesive narrative that strengthens funders' trust and justifies funding requests.

In addition, Cordery and Baskerville (2007) point out that consistency in accounting communication is a key factor in building credibility. CSOs must ensure that their accounting practices are applied uniformly over time, making it easier to compare reports between different periods and providing a clear view of their financial evolution. Funders value predictability and stability in accounting practices, as this reduces uncertainty and strengthens the legitimacy of organizations.

However, it is important that accounting communication is adapted to the different expectations of funders. Harris and Neely (2021) suggest that in order to influence funders' perceptions more satisfactorily, CSOs should tailor their messages according to the interests and concerns of each group of funders. For example, government funders may be more concerned about regulatory compliance, while individual donors may value the direct impact of their contributions more.

In addition to communicating accurately and in line with funders' expectations, accounting transparency must be integrated into a broader communication strategy. This means that institutions must create an ongoing relationship with their funders, providing regular updates that emphasize the coherence between the institutional strategy and the results presented. The use of annual reports, newsletters and meetings with funders are practices that Harris and Neely (2021) recommend to strengthen these relationships and allow funders to gain a deeper understanding of the challenges and successes faced by the organization.

Furthermore, Behn, DeVries and Lin (2010) suggest that accounting communication can be achieved when combined with a narrative approach, providing real examples and stories of the impact the organization is providing. This humanizes the reports and makes them more engaging for funders, who can connect emotionally with the CSOs' mission and beneficiaries.

Another important strategy is the use of benchmarking, comparing the organization's financial and impact data with industry metrics. Connolly and Hyndman (2017) state that this approach provides a broader context for funders, helping them to understand the organization's performance in relation to other similar institutions. This creates a more objective view of the organization's efficiency and effectiveness, reinforcing its credibility.

Accounting communication can also positively influence funders by promoting a culture of learning and continuous improvement. Cordery and Simpkins (2016) point out that transparency should not only be seen as an accountability exercise, but also as an opportunity for CSOs to identify areas for improvement. By openly sharing their challenges and the strategies to overcome them, organizations demonstrate a proactive approach to improving their operations and achieving greater impact, which can inspire confidence in funders.

Therefore, accounting communication must be integrated and strategic, reflecting the financial health of CSOs and their approaches to improving efficiency and effectiveness. By aligning their messages with funders'

expectations and adopting proactive, learning-oriented communication, institutions can significantly influence funders' perceptions, strengthening their relationships and ensuring sustainable financial support.

Performance Management And Accounting Indicators

Key performance indicators for CSOs

Key performance indicators (KPIs) play a vital role in CSO performance management, providing critical insights into their efficiency, effectiveness and impact. Applying well-defined KPIs can help organizations allocate resources more strategically, identify areas for improvement and demonstrate their value to funders. However, the diverse and often subjective nature of CSO activities makes it challenging to define indicators that fully capture their social impact.

Ebrahim and Rangan (2014) point out that CSO KPIs need to balance the measurement of efficiency with that of effectiveness. Efficiency can be measured through financial indicators, such as the ratio between administrative and program expenses, or the cost per beneficiary served. These indicators help assess how resources are being spent and whether the organization keeps administrative costs within reasonable standards. However, the authors argue that effectiveness cannot be measured solely on the basis of financial data, as it requires an understanding of the results achieved and the social impact.

Connolly and Hyndman (2017) emphasize the importance of KPIs that reflect each organization's theory of change, i.e. how its programs and activities lead to desired results. Such indicators should be aligned with the organizations' strategic objectives, providing clear evidence that their actions are producing the intended impact. For example, for a CSO focused on public health, KPIs might include reducing the incidence of certain diseases in a target population, which provides a direct parameter of impact.

In addition, indicators should be chosen carefully to capture the diversity of CSO activities. Harris and Neely (2021) recommend using a multidimensional approach to KPIs, which includes financial, process and social impact metrics. Financial metrics can include revenues, expenses and contribution margins; process metrics can involve service delivery times and beneficiary satisfaction levels; and social impact metrics should be directly related to the positive changes sought.

The standardization of KPIs has also been suggested as a means of facilitating comparability between organizations and promoting a common language of accountability. Keating and Frumkin (2003) propose that KPIs such as the ratio between administrative and program costs can provide an objective view of the efficiency of different organizations. However, the authors warn against excessive standardization, which can disregard the particularities of CSOs and create incentives for manipulating reports.

In addition to their internal application for process improvement, KPIs play a crucial role in communicating with funders. Behn, DeVries and Lin (2010) point out that regular performance reports, with clearly defined and contextualized KPIs, can help build trust with funders by demonstrating that the organization is making progress towards its goals. A transparent approach to reporting KPIs can reinforce the legitimacy of CSOs and justify funding requests.

KPIs provide a framework for managing performance and communicating results in organizations. The careful choice of indicators that balance efficiency, effectiveness and social impact is key to accurately capturing the value of these organizations, facilitating accountability and promoting a culture of continuous improvement.

Problems in collecting and measuring relevant financial data

The performance management of CSOs and their accounting indicators face significant challenges in collecting and measuring relevant financial data. These problems, which can involve limited resources, inadequate measurement systems and the intangible nature of social impacts, make it difficult to construct indicators that accurately reflect the efficiency and effectiveness of these organizations.

Firstly, one of the fundamental problems is the lack of resources and technical capacities in CSOs to collect data systematically. Connolly and Hyndman (2017) point out that many CSOs, especially smaller ones, face budget constraints that affect their ability to implement data collection and processing systems. This challenge is exacerbated by the lack of qualified finance or accounting professionals, which can lead to inaccurate or incomplete records, compromising the quality of financial indicators.

In addition, the measurement systems available may be inadequate for the specific needs of organizations. Ebrahim and Rangan (2014) point out that many CSOs use collection and measurement systems that were originally designed for for-profit companies, resulting in an inability to capture the complexity of third sector programs and activities. For example, while for-profit companies may focus on measuring profit and revenue, CSOs need to measure often intangible social outcomes, making it difficult to create adequate metrics.

Another significant obstacle is the diversity of funding sources. Different funders often require specific information, forcing CSOs to adapt their data collection practices to suit each funder individually. Keating and Frumkin (2003) state that this can create an administrative burden and lead to inconsistency in reporting, undermining the accuracy and comparability of financial data.

Additionally, the intangible nature of social results complicates the measurement of relevant data. Harris and Neely (2021) argue that many entities operate in areas where the benefits of their activities are difficult to quantify, such as promoting human rights or improving mental health. In these cases, traditional accounting indicators may not fully capture the value provided, requiring metrics that take into account both immediate and long- term impacts.

The lack of standardization is also a critical issue. Although the standardization of indicators is fundamental for comparability, Cordery and Simpkins (2016) point out that there is no consensus on which metrics are appropriate for measuring CSO performance. The absence of specific accounting standards for the sector can lead to different interpretations and collection methods, undermining data quality and making it difficult to compare organizations.

Finally, Behn, DeVries and Lin (2010) point out that the pressure to present positive results can encourage the manipulation of financial data, whether in the form of overestimating social impacts or underestimating administrative costs. Such practices can damage confidence in the entity's reports and make it difficult to identify areas for improvement.

Therefore, the problems in collecting and measuring relevant financial data for CSOs run deep, ranging from a lack of resources and inadequate systems to the intangible nature of social results. Overcoming these challenges requires a strategic approach that includes strengthening technical capacities, developing appropriate metrics and standardizing accounting practices in the sector.

IV. Accounting Strategies To Improve Fundraising

Management Accounting And Strategic Planning

Using accounting information to define funding strategies

Management accounting and strategic planning play a crucial role in defining CSO fundraising strategies. Through the use of accounting information, entities can identify opportunities, optimize their operations and align their fundraising strategies with their long- term objectives (Tondolo et al., 2023).

A strategic approach starts with understanding operating costs and revenue streams. Connolly and Hyndman (2013) argue that detailed analysis of costs, including administrative and program expenses, is essential to identify opportunities for optimization. Understanding the costs of each activity allows CSOs to establish targeted fundraising strategies, seeking funders who value the specific types of social impact the organization can deliver efficiently (Tondolo et al., 2023).

Keating and Frumkin (2003) point out that management accounting can support strategic planning by providing detailed analysis of revenue sources and their variations. This analysis can help identify which funders are most consistent and which have the greatest potential for growth, allowing for diversification of funding sources and reducing dependence on a single funder. This creates a more solid basis for long-term strategic planning, allowing CSOs to anticipate possible revenue fluctuations and adapt to them.

In addition, management accounting can help develop pricing strategies for services offered by some organizations. Ebrahim and Rangan (2014) argue that cost analysis is key to defining fair rates that balance beneficiaries' access to services and the organization's financial sustainability. Proper pricing helps raise revenue from a variety of sources, including commercial revenue, without jeopardizing the social mission.

In strategic planning, identifying and setting clear fundraising goals is vital (Tondolo et al., 2023). Harris and Neely (2021) recommend that CSOs align their fundraising goals with their strategic objectives, ensuring that fundraising campaigns contribute to achieving social impact goals. Management accounting can provide metrics to monitor progress towards these goals, facilitating strategy adjustments when necessary.

Cordery and Simpkins (2016) point out that transparency and clear communication of financial results are also crucial to successful fundraising strategies. Funders look for organizations that can demonstrate a track record of responsible resource management. Therefore, the use of transparent financial reports and convincing narratives about the effectiveness of programs strengthens the legitimacy of institutions and attracts committed funders.

In addition, accounting analysis helps CSOs to identify and reduce risks. Behn, DeVries and Lin (2010) point out that financial risk analysis allows organizations to develop contingency plans to mitigate the impacts of possible revenue fluctuations. Preparing for such scenarios helps maintain continuity of operations, even during periods of economic instability.

The use of accounting information in defining fundraising strategies allows institutions to operate more efficiently, understand their sources of income and costs, and communicate their value more convincingly (Tondolo et al., 2023). Management accounting and strategic planning, when used together, provide a solid framework for decision-making that ensures the sustainability and growth of CSOs, enabling them to achieve their social impact objectives more effectively.

Financial reports as a decision-making tool

Financial reports are essential instruments for decision-making in CSOs, providing critical perspectives on financial health, the performance of activities and the strategic opportunities available. Management accounting, when used properly, turns these reports into powerful tools to guide the decisions of leaders and managers, ensuring that resources are directed strategically.

Firstly, Connolly and Hyndman (2013) point out that detailed financial reports help institutions to understand their main sources of income, revealing which funders are most consistent and which areas of funding can be improved. This information is crucial for developing strategies that strengthen the organization's financial base by diversifying funding sources and reducing dependence on a single funder or type of revenue.

Analysis of financial reports also provides a clear view of operating costs. Keating and Frumkin (2003) argue that by understanding the costs of each activity and project, CSOs can identify areas of inefficiency and optimize their operations. This allows organizations to redefine their spending priorities, allocating resources more strategically to programs and activities that generate greater social impact.

In addition, financial reports provide a comprehensive view of the organization's overall performance in relation to the budget and strategic plans. Harris and Neely (2021) suggest that by comparing financial results with established objectives, CSOs can assess whether they are on track to achieve their goals or whether changes in strategy are needed.

This comparative analysis helps identify deviations and allows organizations to make adjustments quickly to maintain focus on their long-term objectives.

Financial reporting also plays a vital role in risk assessment. Ebrahim and Rangan (2014) note that careful analysis of balance sheets and income statements can help CSOs predict financial risks and develop contingency plans. For example, by analyzing available cash reserves, the organization can plan strategies to deal with periods of falling revenue or changes in the economic scenario, ensuring the continuity of its operations.

Another important aspect of financial reports is their ability to demonstrate transparency and accountability (Willems, 2021). Cordery and Simpkins (2016) point out that funders value institutions that can provide clear and accurate reports showing how resources are being used and what impact is being achieved. Robust financial reports, which include narrative analysis of the results, help to strengthen trust between funders and beneficiaries, making it easier to obtain new support.

Behn, DeVries and Lin (2010) suggest that standardizing financial reports can improve their effectiveness as decision-making tools. This allows comparability between different periods and between CSOs, helping to identify trends and provide a more comprehensive view of performance. Standardization also contributes to improving accounting practices by establishing a common basis for analysis and planning.

Finally, financial reports, when well prepared and analyzed, provide a solid framework for strategic decision-making in organizations. They help to identify opportunities, allocate resources efficiently, mitigate risks and strengthen relations with financiers, promoting a culture of responsibility and continuous improvement that is fundamental to the success and sustainability of these organizations.

Transparency And Impact Reports

Innovative financial and social impact reporting practices

The growing demand for social responsibility and transparency has pushed CSOs to adopt innovative financial and social impact reporting practices. These reports play a vital role in demonstrating the value of organizations' activities, providing clear information on how resources are used and what concrete benefits are generated for society (Willems, 2021). Transparency in impact reports is essential for building trust between funders, beneficiaries and the community at large (Willems, 2021). Ebrahim and Rangan (2014) point out that CSOs should provide detailed information on the results of their activities, clearly linking the resources invested with the social impacts achieved. This can be done through reports that include narratives, case studies and quantitative analysis, allowing funders to understand the importance of the contributions made.

One innovative practice is the integration of financial and non-financial indicators in reporting, creating a more comprehensive view of the organization's impact. Connolly and Hyndman (2017) state that combining metrics such as operational efficiency and beneficiary satisfaction with the services provided can provide in-depth perspectives on the effectiveness of programs. These integrated indicators help identify areas for improvement, guiding strategic decisions and demonstrating the organization's ability to generate value.

In addition, impact dashboards have emerged as a useful approach to communicating results in a more accessible way. Harris and Neely (2021) note that these dashboards present key information in a visual way, making it easier for funders and other stakeholders to understand. They offer a summary view of the progress made in different programs, allowing for quick comparisons and identifying trends over time.

Another important innovation is the use of technology to collect and analyze impact data in real time. Cordery and Simpkins (2016) suggest that online platforms and analysis tools can help CSOs track their performance indicators on an ongoing basis, allowing adjustments to be made immediately to maximize impacts.

This approach enhances impact reporting and also provides a cycle of continuous improvement by providing constant feedback to operations.

Integrated reports, which combine financial and sustainability data, are another practice that is gaining prominence. Keating and Frumkin (2003) state that these reports provide a holistic view of organizational performance, presenting how financial, social and environmental operations relate to and influence each other. This comprehensive perspective is vital for funders seeking to understand the full impact of their contributions.

Behn, DeVries and Lin (2010) highlight the importance of involving beneficiaries in the impact reporting process. By including feedback from beneficiaries, CSOs can ensure that their reports reflect the experiences and needs of those who are directly affected by the activities. This strengthens the legitimacy of the reports and ensures that strategic decisions are aligned with beneficiaries' interests.

In addition to these practices, it is essential that organizations develop a culture of transparency that permeates the entire organization (Willems, 2021). This proactive approach allows financial and social impact reports to be integrated into the strategic planning process. Ebrahim and Rangan (2010) point out that by involving all teams in the data collection and reporting process, CSOs ensure that the indicators reflect operational realities and that the results are accepted internally.

One area of growing interest is the quantification of social impact in monetary terms, a practice known as Social Return on Investment (SROI). As Nicholls (2009) explains, SROI translates social benefits into monetary values, allowing funders to compare the results of different organizations or projects. By quantifying these impacts, organizations can show more objectively how their activities create value for society, facilitating communication with funders who value measuring tangible results.

For impact reports to be effective, it is also necessary to standardize indicators and data collection methods. Cordery and Simpkins (2016) emphasize that clear standards help ensure the consistency of information and allow funders and other stakeholders to compare results from different periods and organizations. Standardization also helps CSOs adhere to better transparency practices by promoting the comparability and credibility of the data presented (Willems, 2021).

Another aspect that has gained prominence is the narrative of impact reports. Harris and Neely (2021) point out that the personal stories of beneficiaries, when contextualized with quantitative data, are a way of engaging funders and communicating the value of the organization's activities. Narratives give a human face to the numbers, allowing funders to understand the meaning behind the metrics presented.

Financial and social impact reports are not only accountability tools, but also instruments for learning and improvement. Keating and Frumkin (2003) argue that careful analysis of the data collected can reveal opportunities for innovation and provide insights into the needs of beneficiaries. Based on this data, CSOs can refine their strategies and develop more strategic programs, ensuring that their resources are used optimally.

It is crucial that impact reports are communicated in a way that is accessible to different audiences. Ebrahim and Rangan (2014) suggest that reports be tailored to meet the needs of each stakeholder, with clear executive summaries for funders, detailed analysis for regulators and engaging narratives for the general public. Optimal communication reinforces an organization's commitment to transparency and accountability, strengthening its reputation and solidifying its role as an agent of social change (Willems, 2021).

Innovative financial and social impact reporting practices are a key element for CSOs to demonstrate their responsibility and effectiveness. By integrating different measurement methods, involving beneficiaries and communicating results clearly, these organizations can build stronger relationships with funders and other stakeholders, ensuring the sustainability of their activities and maximizing their positive impact on society.

Transparency as a critical factor in building trust

Transparency is one of the most valuable characteristics a CSO can offer its funders, beneficiaries and other stakeholders (Willems, 2021). The act of providing clear, accurate and accessible information about the organization's operations, finances and results meets expectations of accountability, as well as playing a crucial role in building trust and strengthening relationships between organizations and their audiences. This is key to ensuring continued and sustainable support for their activities (Willems, 2021).

Connolly and Hyndman (2013) emphasize that transparency is essential for funders to understand how their resources are being used and what social benefits are being achieved. By sharing social and financial impact data openly, CSOs provide funders with a clear view of their operations, enabling them to assess the effectiveness of programs and the results achieved. This openness can lead to increased financial support, as funders feel more confident that their contributions are being well managed and directed towards activities that make a positive difference.

In addition, transparency helps CSOs to identify areas for internal improvement and promote a culture of accountability (Willems, 2021). As Keating and Frumkin (2003) argue, when an organization makes its impact and financial reports public, it commits to following responsible management practices and critically reviewing

its operations. This encourages continuous internal evaluation, resulting in more efficient processes, better-informed decisions and more applicable fundraising strategies (Tondolo et al., 2023).

Transparency also plays a vital role in communication with beneficiaries. Harris and Neely (2021) suggest that sharing detailed information about programs and their results allows beneficiaries to understand how the services offered affect their lives and how they can contribute to improving these programs. This creates a virtuous cycle in which beneficiaries become more engaged with the organization, providing valuable feedback that can be used to improve services.

Trust built through transparency can be especially important for organizations that work in sensitive sectors or face public distrust. Ebrahim and Rangan (2014) note that organizations dealing with public health issues, human rights or that rely heavily on voluntary donations need to clearly demonstrate the integrity and effectiveness of their operations. By providing transparent and consistent reports, these CSOs can overcome mistrust by demonstrating their commitment to accountability and ethical standards.

Transparency can thus improve relations with regulatory bodies and public sector partners. Cordery and Simpkins (2016) suggest that complying with accounting standards and publishing detailed reports strengthens the organization's credibility, facilitating access to government grants and other forms of institutional support. This can also result in stronger partnerships with other entities and companies, which value integrity and wish to collaborate with organizations that share their values.

Transparency in financial and social impact reporting is a critical factor in building and maintaining trust around CSOs (Willems, 2021). It allows funders, beneficiaries and other stakeholders to understand how resources are being used, what benefits are being created and how the organization can improve its operations. This openness not only strengthens relationships with existing audiences, but also creates new opportunities for support and collaboration, promoting the sustainability and long-term impact of CSO activities.

Effective Communication With Funders

Accounting communication techniques aimed at donors

Communicating effectively with funders is a critical art for CSOs, as they depend on their donors' trust and understanding of their activities and impact. Donor-focused accounting communication techniques are key to establishing a clear narrative, showing financial integrity and connecting emotionally with funders' goals and values.

One of the most productive techniques for involving donors is the personalization of accounting communications. Connolly and Hyndman (2013) point out that tailoring reports according to the preferences of each funder or group of funders can be decisive in maintaining interest and engagement. This can mean providing summary reports for funders with little time to spare or providing more detailed and comparative data for those interested in in-depth analysis. This personalization is crucial to ensure that each funder receives the information in an understandable and meaningful way.

In addition, the use of stories and narrative examples to contextualize the numbers is an essential approach to engaging donors. Harris and Neely (2021) argue that sharing success stories of beneficiaries or the challenges faced during programs helps funders connect cold statistics with human reality. By providing an emotional and realistic context for financial data, CSOs can capture donors' attention and help them understand the importance of their contributions.

Another important aspect of accounting communication is transparency about administrative costs and the efficiency of operations. Cordery and Simpkins (2016) emphasize that funders seek to understand how resources are being allocated, preferring organizations that demonstrate responsibility in managing indirect costs. By clearly explaining how administrative costs directly support the mission and how efficiency strategies are implemented, organizations can reassure funders about the sustainability and effectiveness of their operations.

Accounting communication should also include key performance indicators that illustrate the progress and results of the CSO's activities. Keating and Frumkin (2003) suggest that metrics such as the success rate of programs, the number of beneficiaries served and progress on specific objectives provide concrete evidence of impact. These metrics allow funders to assess the value of contributions and recognize the importance of continued funding.

In addition, visual techniques such as graphs and dashboards can make accounting data more accessible and easier to understand. Harris and Neely (2021) point out that well-designed infographics can communicate complex concepts in a clear and engaging way. This is particularly useful when approaching financiers with different levels of financial understanding, helping to convey the message in a universal way.

Creating regular progress reports and personalized communications can also help keep funders engaged in the long term. Ebrahim and Rangan (2014) state that quarterly or annual reports detailing recent activities, as well as changes in goals and strategies, keep funders informed and involved. This reinforces the idea that their resources are being well spent and that the organization values transparency and open communication.

It can be seen that accounting communication techniques aimed at donors are crucial to building solid and sustainable relationships between CSOs and their funders. Personalizing communications, incorporating engaging narratives, being transparent about costs and presenting performance metrics are all strategies that help strengthen funders' trust and understanding, ensuring continued and committed support for the organizations' activities.

When developing accounting communication aimed at donors, it is essential to create a coherent narrative that conveys the organization's mission, values and impact. A well- constructed narrative integrates financial data with social results, providing a complete picture of the work done. Ebrahim and Rangan (2014) argue that this narrative helps donors understand how financial investments translate into tangible benefits for the communities served. This integration of numbers and results creates a powerful argument for continued funding.

In addition, transparency about long-term goals and strategy is essential for building trust and commitment. Connolly and Hyndman (2013) suggest that by clearly outlining goals for the coming years and how funders can help achieve them, CSOs reinforce a sense of partnership. This also creates a sense of continuity, as donors can track progress over time and see how their resources are contributing to real change.

It is equally important to address the challenges and limitations faced by the organization, highlighting the learnings and improvements implemented. Harris and Neely (2021) emphasize that funders appreciate honesty about difficulties, as this demonstrates a commitment to integrity and continuous improvement. Reporting on how the organization is addressing these challenges can inspire confidence in funders that the CSO is capable of overcoming obstacles and continuing to fulfill its mission.

Another technique that can strengthen communication is to involve donors directly in the development of reports or the evaluation of results. Cordery and Simpkins (2016) suggest that including donors on advisory committees or inviting them to participate in field evaluations can provide perspectives for the organization while creating a stronger bond with funders. This collaboration can result in more effective communication strategies and the development of performance indicators that reflect donor expectations.

Accounting communication should therefore be an ongoing process, not something limited to a single annual report. Keating and Frumkin (2003) argue that creating regular newsletters, events for funders and updates on social media helps to keep funders informed of recent developments and new opportunities for engagement. This reinforces the idea that funders are part of a community and that their contributions are appreciated and necessary for the organization to continue to thrive.

Therefore, outstanding accounting communication with funders requires a combination of convincing storytelling, transparency in goals and strategies, honesty about challenges, direct involvement of donors and continuous communication. These techniques help strengthen the relationship between organizations and their funders, ensuring a steady flow of financial support that allows the organization to continue fulfilling its mission and have a lasting positive impact on society.

Strategies for maintaining and expanding relationships with funders

Maintaining and expanding relationships with funders is a strategic process that requires the application of optimal communication techniques, based on building trust, understanding funders' expectations and demonstrating value. Establishing robust communication enables CSOs to cultivate long-lasting relationships with funders and secure a stable financial support base.

To begin with, understanding the motivations and interests of funders is crucial to developing targeted messages. According to Ebrahim and Rangan (2014), funders have different expectations about how their funds will be used and want a tangible return, whether in terms of social impact or brand visibility. Adapting communications to directly address these interests helps to create a more compelling and meaningful narrative. For example, a funder who values social impact may be touched by stories that demonstrate positive changes in the community, while a corporate funder may be more interested in partnerships that promote their public profile.

Transparency is another fundamental pillar in communication with funders. Harris and Neely (2021) emphasize that providing clear information about resource management, administrative costs and the results achieved helps to strengthen funders' trust. This can be done through accurate financial reports, understandable performance metrics and a narrative that explains how resources are being allocated and why. Such transparency reinforces the idea that the CSO is trustworthy and accountable, fostering a positive and lasting relationship. Personalizing communications is a distinctive strategy for engaging and retaining funders. Connolly and Hyndman (2013) suggest that acknowledging each funder's specific role in the success of the organization's activities helps to strengthen their sense of belonging and commitment. Sending personalized reports with updates on projects that are of particular interest to each funder, or invitations to exclusive events, can cultivate a sense of appreciation and closeness. This approach also helps to identify new opportunities for collaboration and funding.

In addition, communication must be continuous and consistent. Cordery and Simpkins (2016) argue that keeping funders informed through regular updates, newsletters and events creates a constant flow of dialog,

keeping funders engaged and attentive to the progress of activities. This continuous communication allows the CSO to reinforce its message and reiterate the importance of funders' support in achieving its objectives.

Expanding the relationship with funders requires developing strategies that actively involve them in the planning and implementation of projects. Keating and Frumkin (2003) suggest that involving funders in advisory boards, working groups or impact assessments helps to take advantage of their knowledge and experience, while reinforcing their connection to the organization. This type of involvement can lead to more informed, committed funders who are more likely to expand their contributions.

Demonstrating tangible results is a critical strategy for expanding relationships. Showing how funders' contributions have resulted in clear program improvements and positive community impacts can encourage existing funders to increase their support and inspire new funders to join the cause. Well-documented impact reports, combined with powerful narrative stories, help build a convincing picture of the value generated by the CSO.

It should be noted that communication strategies with funders should include understanding expectations, transparency, personalizing messages, continuous dialogue and demonstrating tangible results. These approaches create solid and scalable relationships, guaranteeing a base of financial support that enables CSOs to achieve their objectives and make a positive impact on society.

In addition to these fundamental strategies, it is important to explore innovative forms of engagement, which can include new technologies and creative approaches to strengthen the connection between organizations and funders. Digitalization offers an efficient way to keep communication constant and personalized. Connolly and Hyndman (2013) point out that digital newsletters, webinars and online donation platforms allow for continuous interaction with funders. These tools facilitate the distribution of personalized reports, regular updates and multimedia materials that highlight the impact of projects, making communication more dynamic and accessible.

In addition, the active participation of funders in face-to-face and digital events helps to build solid ties and strengthen the support network. Harris and Neely (2021) point out that events such as seminars, workshops and field visits provide opportunities for funders to see the impact of their contributions up close and interact with beneficiaries and the organization's managers. These direct experiences create a sense of belonging and shared responsibility, promoting deeper engagement.

Another vital aspect is the use of standardized metrics and reports that facilitate comparison and analysis of CSO performance. Ebrahim and Rangan (2014) argue that reporting standards such as the Global Reporting Initiative (GRI) or the metrics proposed by the International Non-Governmental Organizations Accountability Charter provide parameters that funders can use to assess the impact and efficiency of different organizations (Williamson et al., 2022). By adopting these standards, CSOs gain credibility and make it easier for funders to understand the value of their investments.

Collaboration between CSOs and funders in defining goals and indicators is another essential strategy for expanding relationships. Keating and Frumkin (2003) suggest that involving funders in the strategic planning process and in the creation of key performance indicators ensures that the expectations of both parties are aligned. This reduces potential misunderstandings and frustrations, and creates a sense of partnership that can inspire funders to increase their support over time.

Building a community between funders can generate a wider and more collaborative support network. Cordery and Simpkins (2016) suggest that connecting funders with common goals and interests can create a network effect, where funders share information, ideas and resources with each other, encouraging new partnerships and extending the reach of CSO activities. The creation of working groups and discussion forums that allow for the exchange of experiences and perspectives can be particularly useful for this purpose.

Communication strategies with funders involve using both traditional and innovative approaches that reinforce trust, involvement and transparency. Personalizing communications, using standardized metrics, actively engaging funders and building a collaborative community are key to ensuring solid and sustainable relationships. These strategies enable organizations to maintain the support of funders and expand their relationships, thus ensuring the continuity of their work and the expansion of their social impact.

V. Conclusion

The main findings of this study reinforce the vital influence of accounting on fundraising and the promotion of accountability in CSOs (Williamson et al., 2022). We identified that accounting transparency is fundamental to gaining and maintaining the trust of funders, as it enables a clear understanding of the impact and value generated by these organizations. The development of specific standards for the third sector has proved effective in ensuring the consistency and comparability of financial statements, helping funders to make decisions. In addition, the use of key performance indicators and the integration of standardized metrics promote greater clarity in financial communication, positively influencing the perception of donors.

The research answered the initial question, elucidating how accounting affects fundraising by making processes more transparent and consistent, and by providing essential information for drawing up communication and performance management strategies. The study achieved its objectives by identifying the main barriers faced by entities in adopting accounting standards and highlighting strategies that can help overcome these difficulties, such as personalizing communications, standardizing metrics and collaborating directly with funders.

The relevance of this study lies in its contribution to literature and practice by providing a comprehensive overview of the accounting challenges faced by CSOs and offering practical recommendations for managers and accountants. It proposes innovative approaches to communicating value to funders, building trust and consequently strengthening relationships, leading to greater financial sustainability. By integrating different authors' perspectives on transparency, communication and accounting standards, this article provides a solid basis for developing more productive practices in the third sector. For CSO managers and accountants, it is recommended to prioritize transparency in reporting, using consistent accounting standards and standardized metrics that are understandable to funders. This may involve adopting global frameworks, such as the GRI, to facilitate comparison and performance analysis. In addition, personalized communication with funders, highlighting their specific impact, can help cultivate lasting relationships. The active participation of funders in the strategic planning and evaluation of projects is also recommended, to align expectations and strengthen the sense of partnership.

However, this study has its limitations, as it was based on a theoretical analysis and did not carry out empirical research to validate the findings. Although it provides a comprehensive and accurate overview of best practices and strategies, the practical implementation of the recommendations may vary according to the regional and institutional contexts of the organizations.

For future research, it would be interesting to conduct empirical studies that investigate the effectiveness of the proposed strategies in different types of entities and regions, exploring how cultural and legislative differences affect the application of accounting standards. In addition, studies that address the impact of emerging technologies, such as blockchain and artificial intelligence, on CSO accounting communication could provide valuable insights to improve transparency and fundraising.

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