

# Analysis of the Application of ISAK 35 on Financial Reporting at Jami' Nurul Falah Mosque, Klojen District, Malang City

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## ABSTRACT

This research aims to knowing the suitability of the application of ISAK at the Jami' Nurul Falah Mosque, Klojen District, Malang City, is appropriate in 2021. This arises due to a phenomenon in society, especially non-profit oriented organizations, namely the discrepancy of existing financial statements or those presented by non-profit organizations in contrast to references to ISAK 35 guidelines. The research method carried out is descriptive qualitative, where the data collection used is observation, interviews, and documentation. The data analysis techniques used are data collection, data reduction, data presentation, and conclusion. The setting of the study was carried out at the Jami' Nurul Falah Mosque, Klojen District, Malang City, because the object was considered large enough to implement existing regulations with a large enough turnover of money. The result of this study is that Jami' Nurul Falah Mosque, Klojen District, Malang City has not applied ISAK 35 in the presentation of its financial statements. This happens because there are no experts in preparing financial statements, as well as the absence of socialization to introduce ISAK 35 financial statements to non-profit organizations.



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## 1. INTRODUCTION

Accounting is one of the sciences that is needed by many people in everyday life. Accounting emerged as a tool or means in facilitating human performance, especially in financial midwives. This is very important, considering that finance is at the heart of various businesses or even personal businesses. Various entities strongly maintain their financial fields to stay healthy by using accounting science. Be it businesses, MSMEs, individuals, even organizations that are not profit-oriented also still need accounting knowledge. Accounting itself is not only about calculating the profits obtained, but also how to record, group, and present reports that can then make it easier for interested parties to make decisions.

Non-profit oriented organizations also need accounting knowledge which can facilitate decision making and monitor financial conditions more easily. Non-profit oriented organizations do not have the main goal of making a lot of profit, but there is still

a steady flow of funds in and out of the organization. Non-profit organizations themselves already have rules or guidelines for preparing financial statements according to their type. And those guidelines have been spelled out in ISAK 35. ISAK 35 is an implementation of PSAK 1 which regulates financial statements. While ISAK 35 itself focuses on the financial statements of non-profit oriented organizations. The purpose of ISAK 35 is to present all the information needed by administrators in making decisions, as well as provide all the information needed by stakeholders as assessment material and increase confidence in the provision of resources entrusted to the organization

ISAK 35 there are several reports that are not in the financial statements in general. One of the reports that must be compiled and presented by non-profit organizations is a comprehensive income report. In contrast to financial statements in profit-oriented businesses, where there is a profit / loss statement. The next report that nonprofits present is the report on changes in net assets. Where because the organization does not have the goal of seeking as much profit as possible, and does not belong to someone who aims to enrich himself, the report on changes in equity is no longer relevant to the purpose of the organization.

Although everything has been described and explained in ISAK 35 and given examples on each type of financial statement, and given several writing formats that can be used. But what happens on the field is that many are reversed. This is likely to happen because non-profit organizations are usually organizations that lack experts in accounting. Examples of non-profit oriented organizations are mosques, churches, foundations, and humanitarian organizations. In mosques, administrators or decision holders are generally called takmirs. While the takmir who served was emphasized a lot in religious science, so there were very few takmirs who had an accounting background.

There have been many previous studies conducted by other researchers on this subject, there are indeed some similarities with this study. One of the similarities in previous research with this study is the same research method using qualitative methods, as well as data collection techniques in the form of observation, interviews, and documentation. But of course there are some differences that exist in this study, the differences that exist in this study are the object of research that has never been studied before, as well as the time of research. The mosque object that researchers determined to be the object is the Jami' Nurul Falah Mosque which is one of the mosques that stands in Klojen District, Malang City.

## **2. LITERATURE REVIEW**

### **1) Accountancy**

Accounting is the art of recording, classifying and summarizing in a significant way and expressed in monetary value for transactions and events that are at least financial in character and interpret the results (Fais Zamzami et al, 2016). On the other hand, there is a similar opinion, namely accounting is an applied science and the art of recording science that is carried out continuously according to a certain system, processing and analyzing these records so that they can be

compiled as financial statements as an accountability of company or institution leaders for their performance (To look Muhammad, 2005).

## **2) Financial Statements**

Financial Statements are a means for parties who need them to find out the condition of the Company and can help facilitate in solving needs by related parties such as one of them in making decisions, planning next steps and so on (Jilma Goddess Ayu N, 2017). Financial statements are the final result of an accounting process, so that the financial information presented is useful for users, the presenting process must be based on applicable accounting standards. In formulating accounting standards, generally accepted theoretical references are needed, so that the established accounting standards can be used to evaluate future accounting practices, this theoretical reference can be called the conceptual framework for preparing financial reports (Zulkifli et al, 1998).

## **3) PSAK 01**

The presentation of paragraph 05 of the Financial Statements states that "This Statement uses terminology suitable for profit-oriented entities, including public sector business entities. If an entity with non-profit activity in the private or public sector applies this Statement, it may need to adjust the descriptions used for some of the items contained in the financial statements and the financial statements themselves." Thus, the scope of PSAK 1 substantially covers the scope of presenting the financial statements of entities with non-profit activities (Bond Accountancy Indonesia, 2018). The presentation of financial statements does not provide guidelines for how entities with non-profit activities present their financial statements. Entities with non-profit activities in this Interpretation hereinafter refer to non-profit oriented entities (Bond Accountancy Indonesia, 2018).

## **4) ISAK Scope 35**

The scope of ISAK 35 has been described in the ISAK 35 Exposure Draft. And quite clearly give the Limitation of ISAK 35 which is in paragraph 05. This interpretation applies to non-profit oriented entities regardless of the entity's legal entity form. Paragraph 06. This interpretation is also applied by non-profit oriented entities that use Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). And paragraph 07. This interpretation applies specifically to the presentation of financial statements (Bond Accountancy Indonesia, 2018).

## **5) ISAK 35 Interpretation**

The interpretation of ISAK 35 has also been clearly spelled out in the ISAK 35 exposure draft which regulates financial statements for non-profit oriented entities. This interpretation is explained in paragraph 09. The presentation of financial statements of non-profit oriented entities is prepared by taking into account the requirements for the presentation of financial statements, the structure of financial statements and the minimum requirements for the content

of financial statements that have been regulated in PSAK 1: Presentation of Financial Statements.

- Paragraph 10. Nonprofit-oriented entities may make adjustments to the descriptions used for some items contained in the financial statements. For example, if a resource received by a non-profit oriented entity requires the entity to meet the conditions attached to that resource, the entity may present the amount of that resource by its nature, i.e. in the presence of restrictions or without restrictions by the resource provider.
- Paragraph 11. Nonprofit-oriented entities may also customize the descriptions used on the financial statements themselves. For example, an adjustment to the use of the heading 'report on changes in net assets' rather than 'report on changes in equity'. Adjustments to the title of financial statements are not limited as long as the use of the title reflects a function that is more in line with the content of the financial statements.
- Paragraph 12. Non-profit oriented entities must still consider all relevant facts and circumstances in presenting their financial statements including notes to financial statements, so as not to reduce the quality of information presented in the financial statements (Bond Accountancy Indonesia, 2018).

## **6) Non-profit Organizations**

Organon is the origin of the word organization which comes from Greek, meaning is a tool. Conceptually, organization has two different meanings as a noun (organization), namely a place of a group of people to achieve a common goal and as a verb (Organizing), is a process and series of activities carried out in a structured manner as part of an effort to establish and grow an organization. Organization is a combination of several people who move an organization by carrying out various jobs assisted by systems and organizational elements to achieve organizational goals (Simanjuntak et al., 2021). A non-profit organization (non-profit) also called a non-profit oriented organization is an organization whose main purpose of establishment is not solely for profit. Non-profit organizations stand to bring about change in individuals or communities. Non-profit organizations make human resources the most valuable asset, because all activities of these organizations are basically from, by and for people. There is no ownership as is customary in a business organization, in the sense that ownership in a non-profit organization cannot be sold, transferred, or redeemed, or such ownership does not reflect the proportion of the entity's resource sharing at the time of liquidity or dissolution of the entity. Examples of non-profit organizations include Non-Governmental Organizations (NGOs), Cooperatives, Foundations, and so on (Sri Wade Nur, 2020).

## **7) ISAK Financial Position Statement 35**

There are 2 (two) formats of the Statement of Financial Position presented as examples in this appendix. Each format has its advantages. 1. Format A presents other comprehensive income item information individually as part of net assets without restriction from the resourcer. However, if other comprehensive income

comes from net assets with restrictions, then the entity presents that other comprehensive income information according to its net asset class; or 2. Format B does not present other comprehensive income item information on its own (Bond Accountancy Indonesia, 2018).

#### **8) ISAK 35 Comprehensive Income Report**

A comprehensive income report is a report that shows the amount of income without restrictions and with restrictions and the use of resources in the implementation of various programs and services during an accounting period. There are 2 (two) formats of Comprehensive Income Report presented as examples in this appendix. Each format has its advantages.

- Format A presents information in the form of a single column. This A-format makes it easy to compile reports comparatively; or
- Format B presents information according to the net asset classification (Bond Accountancy Indonesia, 2018)

#### **9) ISAK Net Asset Change Report 35**

The Net Asset Change Report is a report that presents changes in net assets with restrictions and without restrictions in one accounting period.

#### **10) ISAK Cash Flow Statement 35**

The cash flow statement is a report that presents information about cash flows in and out in an accounting period. The cash flow statement has two methods of presentation in ISAK 35, namely the direct method and the indirect method.

#### **11) Notes to Financial Statements**

Complete financial statements, both public and closed companies, will be accompanied by notes to the financial statements (notes to the financial statement). Notes to the financial statements are integral to the Company's financial statements (Prihadi, 2019). In the financial statements, accounting figures have been presented that do not always inform clearly or in the form of qualitative information that explains the purpose of these figures. Financial statements, both statements of financial position, income statements, and statements of changes in capital tend to be insufficient to fully inform the results of operations and financial position of the Company. In order for financial statements to be understood correctly and not misleading to users, all information that is important to users must be disclosed in the notes to the financial statements (Fais Zamzami et al, 2016).

### **3. RESEARCH METHODS**

A paradigm is a loose combination of some assumptions, concepts, and propositions related to the logical, which shows ways of thinking as well as observation. . In general, a paradigm is a set of concepts, beliefs, assumptions, values, methods, or rules that form the framework for implementing a research (Makenzie et al, 2006). This study used a descriptive qualitative approach. Quality research is a study that emphasizes aspects of in-depth understanding of a problem rather than looking at the problem for generalization research (Nur Ahmadi Bi Rahmani, 2016).

#### 4. RESULTS AND DISCUSSION

##### Results

The information obtained by researchers was obtained from interviews conducted directly with informants. Researchers choose different interview schedules to facilitate coordination with informants and also maintain the authenticity of answers from each informant. The informants selected are also informants who are felt to understand what the researcher wants and understand the purpose of this research. In addition, researchers also choose informants who can provide accurate information about the things that researchers need, and feel that they know very well how the system runs in the organization that the researcher chooses.

**Table 1.** Important Statements of Informants Regarding Financial Statements

Number	Name	Question	Statement	Meaning
1	Kuswinanto	"How is the implementation of financial statements carried out by the mosque?"	"The financial statements that we apply are in the form of printed books or physical, some are also posted on the mosque here. For the report, yes, whatever happened we write, with the nominal."	The meaning of Mr. Kuswinanto's statement is that the mosque takmir tries to present the report as transparently as possible but still does not understand the accounting science used.
2	H. Fahrurozi, M. Hi.	"How is the implementation of financial statements carried out by the mosque?"	"God willing, regarding the financial statements in this mosque, we are always transparent, every year we print them as our responsibility to the community. Although it may still be simple."	If from Mr. H. Fahrurozi, M. Hi. So it can be interpreted that the financial reporting of the mosque is always carried out as much as possible but he realized that the presentation of the report carried out was still not in accordance with the provisions.
3	Drs. Anshori Rahmad	"How is the implementation of financial statements carried out by the mosque?"	"For financial statements, we always make reports because it is a form of responsibility, right, we also record as completely as possible by including income and expenses for the year."	From Drs. Anshori Rahmad's statement, the researcher took the meaning that the takmir had tried to report money as a sense of responsibility to stakeholders, but the form of the report was still not appropriate, namely only income and expenditure.
4	H. Yayat	"How is the implementation of financial	"The financial report from the mosque is this. It's a book, so every year	The meaning that can be taken from H. Yayat is that every year

		statements carried out by the mosque?"	all donors stay like me. Later, there will be officers from the mosque who go around distributing this annual report book. I personally think I can be clear and understand the report."	stakeholders receive financial statements printed by the mosque takmir, and as a permanent donor, Mr. H. Yayat can understand the contents of the financial statements easily.
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Source: Processed by Researchers, 2023

**Table 2.** Table of Important Informant Statements Regarding ISAK 35

Number	Name		Statement	Meaning
1	Kuswinanto	"Does the Father know, or have you heard of ISAK 35?"	"ISAK 35? Wow, I personally have never heard of that. Maybe in the future try to say acari-find out."	The meaning that can be drawn from Mr. Kuswinanto's answer is that he does not know about ISAK 35
2	H. Fahrurozi, M. Hi.	"Does the Father know, or have you heard of ISAK 35?"	"Wow. Sorry if it (ISAK 35) I have never heard of, do not know me, maybe Mr. Rahmad (Treasurer) knows more about such things."	The meaning obtained is also in line with Mr. Kuswinanto where he also does not know anything about ISAK 35.
3	Drs. Anshori Rahmad	"Does the Father know, or have you heard of ISAK 35?"	"For that (ISAK 35) I honestly know. If it's about financial statements, what we use is like this (old report), and so far there are no problems reported, but maybe in the future I will find out more."	The meaning of Mr. Drs. Anshori Rahmad's statement is that he also did not know about ISAK 35 and until now the mosque takmir still uses the old report structure.
4	H. Yayat	"Does the Father know, or have you heard of ISAK 35?"	"If I don't know about ISAK 35, maybe I should know more about the takmir. But I have no problem. You can use whichever one you can."	This means that Mr. H. Yayat as a stakeholder also does not know about ISAK 35 but also does not mind it.

Source: Processed by Researchers, 2023

## Discussion

The discussion of research results is written based on the focus of research conducted by researchers through the observation stage, interviews and also documentation on financial statements based on the Analysis of the Application of ISAK 35 on Financial Statements at Jami' Nurul Falah Mosque, Klojen District, Malang City. In this study, researchers collected some data and information and researchers also conducted interviews with representatives of mosque takmirs who were felt to have important responsibilities and duties in the management of mosque takmirs, namely deputy chairman of the takmir, secretary, mosque treasurer, and involved one resident

who had a share as a stakeholder or permanent donor from the Jami' Nurul Falah Mosque, Klojen District, Malang City. After obtaining adequate data, it is necessary to conduct an analysis.

### **Application of Financial Statements at Jami' Nurul Hayat Mosque, Klojen District, Malang City**

From the statements of the informants above, namely statements from Mr. Kuswinanto, Mr. H. Fahrurozi, M.Hi., Mr. Drs. Anshori Rahmad, and Mr. H. Yayan, it can be concluded that the mosque Jami' Nurul Falah, Klojen District, Malang City, has carried out its obligations by presenting financial statements which are then accountable to its stakeholders by printing accountability books every year, and pasting financial information on the mosque information board, so that all parties can know the mosque's finances clearly. From the financial report above, it can be seen that the existing report is a very simple form, where the existing financial statements only present income, and expenses and are given information and the final balance of the finances of the Jami' Nurul Falah Mosque.

**PENGELOLAAN KEUANGAN TAHUN 2021**

No	URAIAN	PEMASUKAN	PENGELUARAN
1	Saldo 31 des. 2020	Rp 309.475.000	
2	Saldo kas tangan 2020	Rp 22.462.500	
3	Kotak amal Jum'at	Rp 62.272.500	
4	Kotak amal harian	Rp 32.305.000	
5	Donatur tetap	Rp 7.200.000	
6	Dermawan	Rp 2.175.000	
7	Kotak amal Idul Fitri	Rp 3.039.000	
8	Infak kel. H. Jusroni, Jakarta	Rp. 25.000.000	
9	Infak pt. Peruri wira timur sbj	Rp. 15.000.000	
10	Sisa penggunaan kegiatan 2020	Rp. 5	
11	Pembelian tanah depan masjid		Rp 85.000.000
12	Perlengkapan masjid :		Rp 29.865.600
	- Bangunan & kelengkapan		
13	Honarium		Rp 48.450.000
	- Petugas masjid		
	- Petugas donatur		
	- Khotib Jumat dan bilal		
	Operasional tpq		Rp. 6.000.000
14	Pelaksanaan hari besar Islam		Rp 20.800.000
	- Imam sholat tarawih		
	- Pengajian ramadhan		
	- Halal bi halal		
	- Isro'miroj & tabligh akbar		
	- Nuzulul quran		
	- Pengajian pbnu dan safari		
	Biaya		Rp 2.423.000
15	- Air pdam		
	- Listrik		
	- Bulletin Jumat 2021		
	Kas di tangan tahun 2021		Rp. 26.515.500
16			
	<b>TOTAL</b>	<b>Rp 484.399.600</b>	<b>Rp 193.409.100</b>
	<b>SALDO AKIR 31 DES.2021</b>	<b>Rp 290.990.500</b>	

**Figure 1.** Financial statements of Masjid Jami' Nurul Falah

### **Application of ISAK 35 concerning Financial Reporting at Jami' Nurul Falah Mosque, Klojen District, Malang City**

From the statements of previous informants, it can be implied that the internal party which here is the Takmir of Jami' Nurul Falah Mosque does not know ISAK 35 and has never heard of matters related to ISAK 35, this makes the presentation of financial statements that have been prepared by the Takmir of Jami' Nurul Falah Mosque not in accordance with the guidelines for preparing ISAK 35 financial statements. The informant also admitted that the presentation of financial statements that had been carried out was not in accordance with the provisions of ISAK 35. After knowing this, the mosque takmir



tried to study and find out about how to present financial statements in accordance with ISAK 35.

**Compatibility of Mosque Financial Statements with ISAK 35**  
**Table 3.** Conformity of Mosque Financial Statements with ISAK 35

Indicator	Mosque Report	ISAK 35	Conforming/Non-Compliant
Statement of Financial Position	It is simple to record by displaying the final balance	Shown based on the example in DE ISAK 35	NON-COMPLIANT
Comprehensive Earnings Report	Not recording comprehensive income reports	Presented according to the example on DE ISAK 35	NON-COMPLIANT
Net Asset Change Report	Does not present a report on net asset change	Presented according to the example of DE ISAK 35	NON-COMPLIANT
Cash Flow Statement	Present simple reports with cash in and cash out only	Presented according to the example on DE ISAK 35	NON-COMPLIANT
Notes to Financial Report	Not Presenting Notes to Financial Statements	Presented as described by DE ISAK 35	NON-COMPLIANT

Source: Data Processed by Researchers, 2023

From the table above, there are several important indicators regarding the suitability of the Jami' Nurul Falah Masjid report with ISAK 35. Of the five reports in ISAK 35, none have met or complied with ISAK 35. From the above results, it can be concluded that Masjid Jami' Nurul Falah has not prepared financial statements in accordance with ISAK 35 which is a guideline for every non-profit oriented entity including mosques.

## 5. CONCLUSION

Based on the results of the discussion described in the previous chapter IV, it can be concluded that the Jami' Nurul Falah Mosque, Klojen District, Malang City, has presented financial statements, but the financial statements used are still very simple, which include columns containing descriptions, income, expenses, and year-end balances, the financial statements are then printed into a book with the title of accountability report. The accountability report was then distributed to stakeholders or permanent donors as many as 38 people, and then the report was also posted on the mosque information board.

The existing financial statements have also been recognized by the takmir of Jami' Nurul Falah Mosque has not been in accordance with the provisions of ISAK 35, where the informants who are administrators of the takmir of Jami' Nurul Falah Mosque have never heard or known about ISAK 35, so there is no statement of financial position, statement of comprehensive income, report of changes in net assets, statement of cash flow, and notes to financial statements.

Therefore, the takmir of Masjid Jami' Nurul Falah has prepared financial statements as a form of accountability of the mosque takmir to the community and its stakeholders,

but the presentation of the financial statements has not been in accordance with the existing ISAK 35 provisions.

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