

Improving the Mosque Accountability Through Financial Reporting Assistance Based on ISAK 35

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ABSTRACT

Purposes: This community service activity aims to introduce, inform, and provide an understanding of the importance of preparing financial reports and the technical steps for preparing financial reports based on ISAK 35 to AI Ikhlas Patukan mosque.

Design/Methodology/Approach: The community service program employed a group-based, comprehensive, and sustainable approach by involving partner mosques in all stages of planning, implementation, training, practice, monitoring, and mentoring to improve their knowledge and skills in preparing financial reports independently.

Findings: The results showed that the program improved the ability of the AI Ikhlas Patukan Mosque committee to prepare transparent and accountable financial reports in accordance with ISAK 35, particularly the statement of financial position and comprehensive income statement. Through training and continued mentoring, the committee gained better understanding of financial reporting procedures and became more capable of preparing mosque financial reports independently.

Originality/Value: This service activity provides practical solutions for implementing ISAK 35 in the context of mosque as the object.

Keywords: ISAK 35; Accountability; Financial Reporting

History

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Introduction

Accounting is an important financial information system that enables the process of recognizing, recording, classifying, summarizing, reporting and communicating the economic actions of a business to relevant users (Weygandt et al., 2018; Warren et al., 2018). Through this process, accounting generates financial information that represents the condition of an entity and may be utilized as a foundation for decision making by interested parties (Suyanto & Kurniawan, 2019; Hans et al., 2016). Therefore, the primary objective of accounting is to give economic information about an entity, especially in the form of financial reports, to facilitate accountability and informed decision-making (Umboh & Tinangon, 2021; Lestari & Amri, 2020).

The financial reports are the major result of the accounting process. They give information about the financial position of an entity, the financial performance and the changes in the financial resources during a specific period. Generally, the financial reports comprise information regarding assets, liabilities, equity, revenue and expenses that may be used to understand the way the resources are obtained and utilized by an entity (White et al., 2002; Harahap, 2018; Hery, 2012). Financial reports are designed to offer information about the financial position, financial performance and cash flows of an entity that is beneficial to users in making economic decisions in accordance with PSAK No. 1. Additionally, strong financial reports must be thorough, accurate, transparent, and accountable, so that the people that need the information can understand and justify it (Kasmir, 2019; Syam & Latifah, 2022; Anto et al., 2021).

Transparency and accountability in financial reporting is a must for profit-oriented companies as well as non-profit-oriented enterprises. Different from business organizations, non-profit-oriented organizations are not primarily aiming to earn profit but to serve or support several social, religious, educational, or communal

reasons (Korompis, 2014; Tinungki & Pusung, 2014). In this sense, public trust becomes a vital factor, because most of the resources controlled by non-profit organizations come from contributors, members or the community. Thus, financial reporting plays a crucial role in proving how the received funds are managed and used properly.

Mosque is one of the non-profit-oriented institutions which manages the fund from the community, for example, donation, infaq, sadaqah, and other voluntary contributions. Although these contributions are given without the expectation of immediate economic benefits, mosque management is tasked with documenting, managing, and reporting the usage of such funds in a transparent and accountable manner (Djailani & Rondonuwu, 2022; Lating, 2023). Good financial reporting can assist mosque administrators to provide clear information to the congregation and other stakeholders on the sources and uses of monies.

In Indonesia, the compilation of financial reports for non-profit-oriented businesses corresponds to ISAK 35, issued by the Financial Accounting Standards Board of the Institute of Indonesia Chartered Accountants. ISAK 35 addresses the presentation of financial accounts of entities that are not-for-profit oriented, which include houses of worship, public schools, charities, hospitals, political groups, community service organizations, professional associations and research institutions. Therefore, the implementation of ISAK 35 is relevant to mosque financial reporting since it provides a standardized framework to provide financial information more consistently and accountably.

But in practice, not all mosque managers have adequate knowledge and technical skills to generate financial reports according to the necessary criteria. This situation may be due to shortage of human resources, lack of accounting competence and absence of formal financial reporting process. Therefore, there is a need for training and mentoring to enhance the competence of mosque administrators to prepare financial reports based on ISAK 35. In this case the community service activities at Al Ikhlas Patukan Mosque are carried out to provide understanding, technical training and assistance in preparing financial reports so that the mosque committee can gradually prepare transparent, accountable and standardized financial reports independently.

Method

The community service activity was held in the Al Ikhlas Patukan Mosque, under the management of the North Ambarketawang Muhammadiyah Branch, Jalan Patukan, Ambarketawang, Gamping, Sleman 55294 (Figure 1) on 03 February 2025. This mosque was selected to be the community service partner because it has a real challenge in the area of financial report preparation. The mosque is a non-profit religious organization that manages revenues from the congregation, including donations, infaq, sadaqah, and other forms of community contributions. Hence, accurate and honest financial reporting is crucial to sustain the congregation's faith and to aid prudent mosque financial management.

The biggest difficulty found in Al Ikhlas Patukan Mosque was the absence of financial reports that were made in conformity with applicable standards, especially ISAK 35 for non-profit entities. The major causes of this scenario were lack of human resources and lack of technical knowledge of mosque administrators in standardized financial reporting. The problem became the basis for the making of community service activities to educate, inform and provide an understanding of the importance of financial reporting and teach the mosque committee in the technical compilation of financial reports based on ISAK 35.

For this purpose, the activity was carried out in a thorough and sustainable manner, based on groups. The group-based method was characterized by the active involvement of mosque administrators as partners at all stages of the program, from design, implementation, practice, monitoring, and evaluation. This technique enabled the partner group to be participants as well as active agents in the learning and mentoring process. This aimed to ensure that the knowledge and abilities acquired during the training could be directly applied to the mosque's real financial reporting requirements.

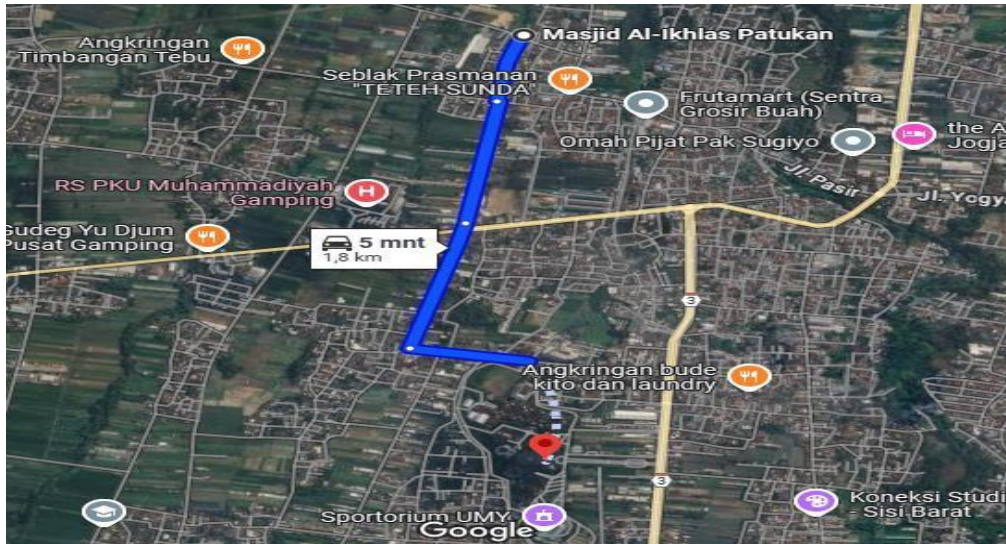


Figure 1 Community Service Location

This study followed holistic approach by giving the conceptual understanding as well as the practical training. The program covered the introduction of transparent and responsible financial reporting, basic concepts of mosque financial management and the form of financial reports according to ISAK 35. The contents covered many components of financial statements, including the statement of financial position, statement of comprehensive income, statement of changes in net assets, statement of cash flows and notes to the financial statements. This stage was anticipated to help the mosque committee comprehend clearly how to identify, classify, record and present financial transactions in a methodical manner.

The program continued to offer mentoring in the drafting of the financial reports of Al Ikhlas Mosque beyond the training stage. The aim of this stage of mentoring was to support the mosque committee in implementing the knowledge learned throughout the training on the mosque's actual financial data. The mentoring process was designed to assist the committee to identify financial transactions, classify accounts, record income and spending and prepare financial reports in the format needed by ISAK 35. The mosque administrators were continuously supported, and progressively encouraged to gain the capacity to generate the financial reports themselves.

The data processing phase ends with the identification and structuring of the financial and asset data of the mosque. The mosque management team identified existing assets such as cash and cash equivalents from contributions, zakat, infaq, and sadaqah. The team also identified operational costs, inventories and fixed assets acquired from mosque finances, bank balances and waqf assets. Once the data was obtained, the types and quantities of fixed assets were collated using Microsoft Excel. Then in the valuation of fixed assets, the available asset data was converted into Rupiah values based on the initial acquisition price or accessible supporting information.

Lastly, the prepared financial statements were examined and presented in a more structured manner, in line with ISAK 35. The reporting procedure was to be printed and published periodically on the mosque's bulletin board as a form of transparency to the congregation. With this method, it is expected that community service activities can give practical help to Al Ikhlas Patukan Mosque in improving the practice of financial reporting, and help the capacity of the mosque committee to be able to prepare financial reports that are transparent, accountable and standardized independently.

Results and Discussions

The Al Ikhlas Patukan Mosque committee gained a better understanding of the importance of preparing financial reports in accordance with ISAK 35 as a reporting standard for non-profit-oriented entities. Initially,

the mosque had not prepared financial reports in a standardized format, and the existing financial records were still limited to basic recording of cash inflows and outflows. This condition indicated the need for technical assistance, particularly because the mosque manages funds from the congregation, including zakat, infaq, sadaqah, and other community contributions.

Through the group-based training activity, the mosque committee was actively involved in learning the basic concepts of transparent and accountable financial reporting. The training (depicted in Figure 2) provided an introduction to the classification of financial transactions and the main components of financial statements based on ISAK 35, including the statement of financial position, statement of comprehensive income, statement of changes in net assets, statement of cash flows, and notes to the financial statements. This activity helped the committee understand that mosque financial reporting should not only record receipts and expenditures, but also present financial information in a more systematic and accountable manner.

The mentoring stage provided more practical results by assisting the committee in processing actual mosque financial data. During this stage, the committee was guided in identifying cash and cash equivalents, income from zakat, infaq, sadaqah, and other contributions, operational expenditures, inventory, and fixed assets. The collected data were then organized and classified into appropriate account categories to support the preparation of financial reports based on ISAK 35. This process allowed the committee to directly practice how financial data should be recorded, classified, and presented.

Overall, the results of the activity showed an improvement in the committee's knowledge and practical ability to prepare mosque financial reports in a more structured format. The comprehensive training and continued mentoring provided an initial foundation for the Al Ikhlas Patukan Mosque committee to improve its financial reporting practices. Although further consistency and practice are still needed, the activity supported the committee in moving toward more transparent, accountable, and standardized financial reporting in accordance with ISAK 35.



Figure 2 ISAK 35 Training and Discussion

Conclusion

The activity of community service has increased the awareness and initial technical skills of the committee of Al Ikhlas Patukan Mosque in drafting financial reports based on ISAK 35. The committee was trained and mentored on the necessity of transparent and responsible financial reporting, classification of transactions and preparation of basic financial statements including statement of financial position and statement of comprehensive income. The action also enabled the committee to process factual mosque financial data, such as cash, zakat income, infaq, sadaqah, operating expenses, inventory and fixed assets.

This initiative was a first step in strengthening mosque financial accountability and in building the capacity of the committee to gradually provide more structured financial reports independently. However, further

support is also needed to enhance the creation of other components of ISAK 35 financial statements, such as the statement of changes in net assets, statement of cash flows and notes to the financial statements. For future sustainability, development of a financial reporting application based on ISAK 35 may be considered as well.

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Conflict of interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.