

Strengthening TPA Muthia Islamic School Financial Management through SAK ETAP-Based Financial Reporting

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ABSTRACT

Purposes: This community service aims to improve the quality of financial reporting at Qur'anic Learning Center (TPA) Muthia Islamic School by introducing and implementing financial reporting practices based on Indonesian Financial Accounting Standards for Entities without Public Accountability (SAK ETAP). Specifically, it seeks to enhance the competence of administrative and financial staff in preparing financial statements that meet transparency and accountability principles.

Design/Methodology/Approach: This community service employed a training-and-mentoring approach. The initial stage involved training sessions to introduce participants to the concepts and standards of SAK ETAP, including techniques for preparing financial statements. The subsequent stage consisted of hands-on mentoring to guide participants in independently preparing financial reports in accordance with SAK ETAP requirements.

Findings: Prior to the intervention, TPA Muthia Islamic School prepared only simple cash inflow and outflow records and did not produce complete financial statements, such as a Balance Sheet and Income Statement. The primary challenge identified was the lack of competent human resources capable of preparing financial reports in line with SAK ETAP standards. Through training and mentoring, staff gained a better understanding of SAK ETAP and improved their ability to prepare standardized financial reports.

Originality/Value: It contributes practically by addressing the gap in financial reporting practices within non-profit educational foundations categorized as Entities Without Public Accountability. It highlights the importance of capacity building through structured training and mentoring to ensure compliance with SAK ETAP and to promote transparency and accountability in non-profit educational institutions.

Keywords: TPA Islamic School; Financial Report; Accountability; Transparency

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Introduction

Accounting is a financial information system that provides insight into three main activities, namely identifying, recording, and reporting the economic activities and business conditions of an organization to its users (Weygandt et al., 2018; Warren et al., 2018). Other experts state that accounting is a stage in the process of collecting, identifying, recording, classifying, summarizing, and presenting financial transactions, interpreting the results, and communicating them in the form of financial reports that reflect the condition of an organization for decision-making purposes (Bastian & Suharjono, 2006; Hans et al., 2016). Thus, accounting functions as a systematic mechanism for producing relevant and reliable financial information for stakeholders.

Financial reports are documents resulting from the accounting process that show an entity's financial position at a specific time, including information about assets, liabilities, and organizational performance, indicating how much money has been earned and spent (White et al., 2002; Harahap, 2018; Hery, 2012). According to Indonesia Statements of Financial Accounting Standards (PSAK) No. 1, the objective of financial statements is to provide information regarding financial position, financial performance, and cash flows that are useful for

economic decision-making. Financial statements should be complete, accurate, transparent, and accountable so that they can be understood and relied upon by interested parties (Kasmir, 2019). Therefore, financial reporting is not merely a technical administrative activity but a governance instrument that supports transparency, accountability, and institutional sustainability.

Given that the primary objective of financial reporting is to ensure accountability and decision usefulness, its implementation is not limited to profit-oriented entities. Although financial reporting is often associated with business organizations seeking profit, non-profit entities also manage economic resources that require systematic recording and reporting. The absence of a profit motive does not eliminate the need for transparency. On the contrary, organizations that rely on public trust, donations, and community contributions have an even stronger obligation to demonstrate responsible stewardship of the resources entrusted to them.

Halim and Kusufi (2017) explain that public sector organizations are generally not profit-oriented and may be categorized as non-profit organizations. Non-profit organizations aim to support social, educational, or religious objectives without prioritizing profit (Korompis, 2014; Tinungki & Pusung, 2014). These entities do not expect economic returns proportional to the resources they provided. Nevertheless, because they manage funds originating from donors and the community, non-profit entities remain accountable for the proper use of these resources. Educational foundations and religious educational institutions fall within this category, as they obtain funds from the community and donors and are therefore responsible for transparently reporting their use. PSAK 1, paragraph 05, also acknowledges that non-profit entities, including places of worship and schools, must adjust their financial reporting to reflect their characteristics.

In Indonesia, entities without public accountability are required to prepare financial reports in accordance with Indonesian Financial Accounting Standards for Entities without Public Accountability (SAK ETAP). This standard is specifically designed for entities that do not have significant public accountability but still require structured and standardized financial reporting to ensure transparency and comparability. Qur'anic learning centers (TPA), as community-based non-formal educational institutions, fall within this category because they do not issue public securities and primarily rely on donations and community-based funding sources.

However, despite this regulatory framework, a gap persists between normative standards and their implementation at the institutional level. Empirical evidence from TPA Muthia Islamic School indicates that financial reporting practices have not yet been aligned with SAK ETAP requirements. Financial management remains limited to simple cash inflow and outflow records without systematic classification, adjustment, or consolidation into standardized financial reporting components. Although financial transactions occur regularly and supporting documentation exists, the data have not been processed into structured financial reports that accurately reflect the institution's financial position and performance.

This situation reflects a capacity gap rather than a resource gap. The institution possesses financial data, but administrators lack sufficient technical knowledge and expertise in applying SAK ETAP-based financial reporting procedures. According to Sartono (2001), financial management encompasses planning, recording, expenditure control, and accountability functions that must be implemented systematically. When accounting competence is limited, these managerial functions cannot operate effectively. As a result, a governance gap emerges in which accountability to donors, parents, and the surrounding community is not fully supported by standardized financial reporting practices.

The persistence of this gap has important implications. Without structured financial reporting, transparency largely depends on informal explanations rather than on documented, verifiable information. Furthermore, the absence of standardized reporting limits internal evaluation, reduces comparability, and may affect long-term institutional sustainability.

Based on this identified gap between regulatory expectations, institutional capacity, and governance practice, community service activities were conducted in the form of structured training and mentoring for the administrators of TPA Muthia Islamic School. The program aims to strengthen their understanding and technical skills in identifying, recording, classifying, and reporting financial transactions in accordance with SAK ETAP. Through this intervention, the institution is expected to gradually align its financial reporting practices with applicable standards, thereby enhancing transparency, accountability, and governance quality sustainably.

Method

Community Service Location and Root Cause Analysis Result

TPA Muthia Islamic School is located at Perumahan Darussalam Block F No. 1, Mejing Wetan, Ambarketawang, Gamping, Sleman Regency, Special Region of Yogyakarta Province, as shown in Figure 1. As a community-based Qur'anic learning institution, TPA Muthia Islamic School operates as a non-profit entity that relies primarily on community contributions and parents' payments to support its educational activities. Consequently, accountability and transparency in financial management are essential to maintain stakeholders' trust and institutional sustainability.

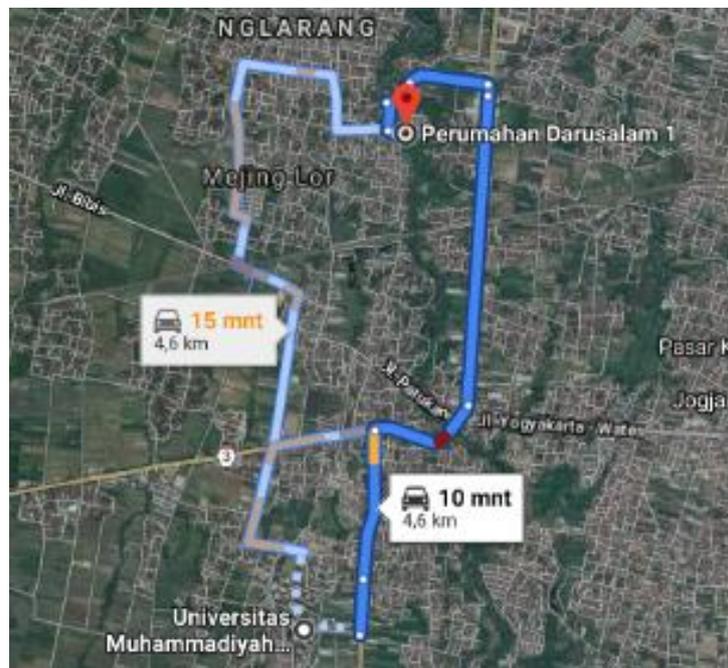


Figure 1 Community Service Location

However, the institution currently does not prepare financial statements in accordance with SAK ETAP standards. Financial management practices remain limited to simple cash inflow and outflow records, without systematic classification, documentation, or the preparation of complete financial statements. This condition reflects a broader phenomenon commonly found in many early childhood education and TPA institutions, where financial reporting practices remain weak and unstandardized. As a result, the financial information produced does not adequately represent the institution's financial position, performance, and accountability.

The root cause of this problem lies in the administrators' limited knowledge and technical competence in applying SAK ETAP. Most managers lack an accounting background and have never received formal training in preparing standardized financial statements. Without an adequate understanding of financial reporting

techniques, the institution faces difficulties in implementing proper accounting procedures. This gap not only limits transparency but also potentially reduces stakeholders' confidence in the institution's financial governance.

To address these issues, the Universitas Muhammadiyah Yogyakarta Community Service Program was designed as a structured capacity-building intervention to strengthen financial reporting practices at TPA Muthia Islamic School. The program adopts three integrated approaches. *First*, a participatory, group-based approach, in which all stages of the program—planning, implementation, and evaluation—are conducted collaboratively with the partner institution. This approach ensures active involvement of administrators and promotes experiential learning.

Second, a comprehensive training approach that provides theoretical grounding and practical exercises to prepare financial statements in accordance with SAK ETAP. The training focuses on improving participants' knowledge, technical skills, and ability to systematically identify, record, classify, and report financial transactions. *Third*, a sustainability-oriented mentoring approach provides follow-up assistance after the training phase to ensure the acquired knowledge is consistently implemented. This mentoring process aims to gradually build the institution's independence in preparing standardized financial statements.

Through these interventions, the program seeks to achieve measurable outcomes, namely improvements in administrators' accounting competence and the production of financial statements that comply with SAK ETAP. The implementation of standardized financial reporting is expected to enhance transparency, strengthen stakeholders' trust, and support the long-term sustainability of TPA Muthia Islamic School.

Training on Financial Reporting at TPA Muthia Islamic School

Training is a structured and planned learning process designed to develop knowledge, technical skills, attitudes, and competencies so that individuals are able to perform tasks effectively and in accordance with established standards. In this community service program, the training focused specifically on strengthening financial reporting practices at TPA Muthia Islamic School in compliance with SAK ETAP.

The objective of the training was to improve the administrators' competence in implementing proper financial reporting procedures, including transaction identification, recording, classification, summarization, and presentation of financial information. Rather than merely introducing report formats, the training emphasized understanding the overall financial reporting cycle and its role in enhancing institutional accountability and transparency.

The training activities combined conceptual explanations and practical exercises using the institution's actual financial data. Participants were guided to prepare a complete financial reporting package in accordance with SAK ETAP, which includes: (1) Statement of Financial Position; (2) Statement of Profit or Loss; (3) Statement of Cash Flows; and (4) Notes to the Financial Statements. Through this approach, administrators were expected to gain not only technical ability but also conceptual understanding of financial reporting as a governance mechanism that supports transparency, decision-making, and stakeholder trust.

Mentoring in Financial Reporting Implementation

Mentoring is a continuous assistance process aimed at ensuring that newly acquired knowledge and skills are consistently applied in practice. While training provides foundational understanding, mentoring strengthens the implementation of financial reporting procedures within the institution.

In this program, mentoring was conducted after the training phase to help administrators apply SAK ETAP-based financial reporting independently. The mentor facilitated problem-solving discussions, reviewed financial reporting outputs, and provided feedback to ensure compliance with accounting standards.

The mentoring process emphasized capacity building and gradual independence. Administrators were encouraged to manage financial data systematically, apply proper documentation procedures, and maintain periodic financial reporting without continuous external intervention. This sustainability-oriented approach aimed to institutionalize standardized financial reporting practices within TPA Muthia Islamic School.

Financial Reporting Data Processing Techniques

The implementation of financial reporting at TPA Muthia Islamic School began with a systematic identification and organization of financial data. The data processing procedures were structured to align with SAK ETAP requirements. *First*, the institution identified current assets, particularly cash and cash equivalents derived from operational sources such as BOS funds and SPP (student contribution) fees. These funds were categorized by use in operational activities, whether managed through cash on hand or bank accounts. *Second*, the institution conducted a comprehensive inventory of fixed assets. All assets were recorded by type and quantity, then organized in structured documentation in Microsoft Excel for financial reporting. *Third*, asset valuation was performed under historical cost principles by multiplying each asset's quantity by its acquisition price, yielding nominal rupiah values. This step ensured accuracy and reliability in financial reporting.

After completing the identification, classification, and valuation processes, the financial reporting documents were compiled in accordance with SAK ETAP. As part of transparency efforts, the financial reporting outputs were printed and periodically displayed on the school's bulletin board, allowing stakeholders—particularly parents—to access institutional financial information. Through these systematic procedures, the program shifted the institution's practice from simple cash recording toward structured, standardized, and accountable financial reporting.

Results and Discussions

Before the implementation of the community service program, financial reporting practices at TPA Muthia Islamic School were still limited. Financial management was primarily based on simple cash records documenting inflows and outflows without systematic classification into account categories. The institution had not yet implemented financial reporting in accordance with SAK ETAP, and formal financial reporting components such as the Statement of Financial Position and the Statement of Profit or Loss had not been prepared. In addition, financial information had not been communicated to stakeholders in a structured and transparent manner on a periodic basis.

Preliminary discussions and needs assessment revealed that the main obstacle was not the absence of financial transactions or supporting documents, but rather the limited technical competence of the administrators in understanding financial reporting standards. Most administrators lacked an accounting background and were unfamiliar with account classification, asset recognition, and the SAK ETAP structure. Consequently, financial data existed, but it had not been transformed into standardized financial reporting outputs.

After the training phase (Figure 2), observable changes were identified in understanding and technical awareness. Participants demonstrated improved comprehension of the financial reporting cycle, particularly in distinguishing between assets, liabilities, revenues, and expenses. During the practical sessions, administrators were able to classify existing financial data into appropriate account posts using structured templates aligned with SAK ETAP. This indicates an initial shift from informal recording practices toward more structured financial reporting procedures.



Figure 2 Community Service Documentation

The mentoring phase further facilitated the application of this knowledge. With guided assistance, the administrative staff began compiling draft financial reporting documents based on actual institutional data. The mentoring sessions focused on correcting classification errors, ensuring consistency in recording, and reinforcing the linkage between transaction evidence and financial reporting outputs. At this stage, the institution produced preliminary financial reporting documents aligned with the SAK ETAP format requirements.

However, it is important to note that these results reflect early-stage capacity development rather than full institutionalization of standardized financial reporting. While improvements in knowledge and technical skills were evident during the program, sustained implementation will depend on continued practice, internal commitment, and periodic monitoring. Therefore, follow-up evaluation and reinforcement mechanisms are recommended to ensure that SAK ETAP-based financial reporting can be consistently applied in the long term.

Conclusion

The implementation of this community service program highlights the importance of strengthening financial reporting capacity within non-profit educational institutions such as TPA Muthia Islamic School. Prior to the intervention, financial reporting practices had not yet aligned with SAK ETAP standards, primarily due to limited technical competence among administrative and financial staff.

Through structured training and mentoring activities, the program improved participants' understanding of SAK ETAP-based financial reporting procedures, including transaction classification and the preparation of structured financial reporting components. The administrators began compiling basic financial reporting

documents, including the Statement of Financial Position and the Statement of Profit or Loss, using institutional financial data.

While these outcomes indicate progress in financial reporting capacity, they represent an initial stage of institutional development rather than full implementation maturity. Sustained application of SAK ETAP-based financial reporting will require continuous practice, internal commitment, and periodic monitoring to ensure consistency and compliance with applicable standards.

Strengthening financial reporting practices is expected to support greater transparency and accountability in institutional financial management. Although the long-term impact on stakeholder trust has not yet been formally measured, improved reporting structures provide a foundational step toward enhancing governance quality.

To ensure program sustainability, future initiatives may consider developing a simple SAK ETAP-based financial reporting application tailored to the institution's needs and capacity. Such a system could facilitate more consistent documentation, reduce technical errors, and, in the long term, support the institutionalization of standardized financial reporting practices.

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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.