

# Reconstruction of Financial Reports Based on Isak No 35 at Nurul Huda Mosque in Prajekan Kidul Village, Bondowoso Regency

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## ABSTRACT

The mosque focuses on religious matters and is a non-profit organisation. The mosque does not exist to make money off of its operations. The mosque must nevertheless prepare an annual financial report even if it is a non-profit organisation. The goal of this study was to ascertain the appropriateness of the Nurul Huda Mosque financial report production in compliance with ISAK No. 35, as well as how the management of the mosque handled financial recording and reporting. This study used a case study technique and a qualitative descriptive methodology. Four steps made up the data analysis that was employed: data gathering, data reduction, data presentation, and conclusion drafting. According to the study's findings, the Nurul Huda Mosque records and reports its financial information by first recording by hand and then again using a computer. At present, the treasurer's financial report only contains data pertaining to income and expenses for a single month. Due to a lack of human resources, the Nurul Huda Mosque has been unable to employ ISAK 35 while creating its financial reports.

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## 1. INTRODUCTION

In a Muslim-majority country like Indonesia, mosques play an important and strategic role. A mosque is a site of prayer and worship that is distinguished by its many mosques, each with its own domes, pride, and other features. The mosque serves as both a place of worship and a venue for a variety of religious events, making it a significant hub for Muslims. In carrying out its activities, the

mosque really needs several organizational leaders who will regulate all its activities [1].

Non-profit organisations are one of the many different kinds of organisations that exist in Indonesia. A non-profit organisation is one that prioritises social and environmental objectives over financial gain in order to benefit the community [2]. A mosque is an example of a non-profit organisation. According to [3], non-profit

organisations and corporate organisations publish their financial statements differently because each type of organisation has its own rules for doing so. Records of mosque financial activities are important to show so that the public can see how the mosque leadership uses the money that is their responsibility.

Interpretation of Financial Accounting Standards (ISAK) No. 35 is a standard for presenting financial statements of non-profit entities approved by the Financial Accounting Standards Board (DSAK). ISAK No. 35 replaces the previously applicable Financial Accounting Standards Statement (PSAK) No. 45, ISAK No. 35 is effective from January 1, 2020. PSAK 45 and ISAK 35 have differences, where the fundamental difference is the classification of net assets, which combines permanently restricted net assets and temporarily restricted net assets into net assets with restrictions (with restrictions) will reduce complexity and unrestricted net assets become net assets without restrictions (without restrictions).

According to [4], financial reports that comply with standards are still rare among non-profit organizations, in this case mosques. In general, mosque financial records only contain receipts and payments without showing the amount of assets owned by the mosque and how much they are worth, so that many problems with the loss of mosque assets mostly arise due to an improper registration system. The obstacles faced by mosque managers are the lack of knowledge in recording and reporting mosque finances, so that they appear less transparent and accountable, both in terms of collection, distribution, and accountability. This occurs due to the lack of knowledge of mosque administrators regarding applicable accounting standards. The financial report of a non-profit organization consists of five components, including 1). financial position report at the end of the period, 2). comprehensive income statement, 3). net asset change statement, 4). cash flow statement for a reporting period, 5). notes to the financial statements [5].

Nurul Huda Mosque is a mosque located in Prajekan Kidul Village, Prajekan District, Bondowoso Regency. Nurul Huda Mosque was established in 1978, initially Nurul Huda Mosque was a grant from the Prajekan Sugar Factory (PG) but now it has been transferred to the community or has been managed by the community. Nurul Huda Mosque funds are obtained from donations or contributions, mosque charity boxes, infak, and alms. The source of funds is obtained from mosque activities such as Friday prayers and other activities on Islamic holidays.

## 2. LITERATURE REVIEW

### 2.1 Mosque

A place of worship for Muslims is called a mosque. The main function of a mosque is as a place of worship. Although its main function is as a place of worship, a mosque is not just a place of worship. The source of income for a mosque usually consists of zakat, infaq, shodaqoh and waqf. The source of expenditure for the mosque consists of routine costs (electricity, water), cleaning costs, costs for Islamic activities, namely activities carried out to commemorate Islamic holidays such as the Prophet's Birthday, the Ramadan safari, and so on. Continued according to [6], the process of recording accounting in a mosque is simpler than recording accounting in commercial, in recording accounting for a mosque the main step is to group sources of income. For example, income from religious study groups, routine activities of TPA participants, donations from donors and others.

The source of funds for the mosque comes from donors, charity boxes, infaq, shadaqah, zakat, waqf and even from the government [7]. For this reason, the potential for developing mosque funds as a step to prosper the mosque and empower the community will also be even better. The funds received by the mosque are used to finance mosque operations such as paying salaries for cleaning staff, electricity, water, stationery and other mosque needs. The mosque's financial policy requires recording and

management in the form of bookkeeping to record the mosque's income and expenses for reporting purposes to the public [7].

## **2.2 Interpretation of Financial Accounting Standards (ISAK 35)**

Interpretation of Financial Accounting Standards (ISAK) Number 35 regulates the presentation of financial statements of non-profit entities which was approved by the Financial Accounting Standards Board (DSAK) on April 11, 2019. ISAK number 35 is effective since the fiscal year period as of January 1, 2020. This is explained in the ISAK No. 35 guide. provides clear financial information to donors and the public. Cash flow statements, comprehensive income statements, statements of changes in net assets, statements of financial position, and notes to the financial statements are the financial statements of non-profit organisations as defined by ISAK No. 35 [8]. The primary distinction between non-profit organisations and for-profit businesses, according to the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI), is how non-profit organisations acquire resources from resource providers who do not demand payment or financial gains commensurate with the quantity of resources supplied. Therefore, it is more appropriate to refer to the current arrangements in SAK or SAK ETAP when discussing the concepts of recognition, measurement, presentation, and disclosure for similar topics [9].

## **2.3 Financial Report Based on ISAK 35**

The Financial Position Report, Comprehensive Income Report, Nett Asset Change Report, Cash Flow Report, and Notes to the Financial Statements are the financial reports generated in accordance with ISAK 35.

### **2.3.1 Comprehensive Income Statement**

A financial report known as the Comprehensive Income Statement (CIR) details all changes in an entity's equity over the course of the reporting period, including those that were not recorded in profit or loss.

### **2.3.2 Statement of Changes in Net Assets**

Non-profit organisations create the Statement of Changes in Nett Assets (LPAN),

a financial report that details changes in net assets over the reporting period.

### **2.3.3 Cash Flow Statement**

A cash flow statement is a report that shows the receipts and disbursements of cash and cash equivalents during a certain period.

### **2.3.4 Notes to the Financial Statements**

An accurate summary of accounting policies and additional explanatory information are included in the financial statements' notes.

## **3. RESEARCH METHODS**

This research was conducted using a descriptive qualitative method with a case study approach. In this study, the author will collect data from research subjects, then identify, and manage the data into financial reports in accordance with ISAK 35 standards.

In this study, data or information was gathered by documentation, interviews, and observation. Both primary and secondary data sources were used in this investigation. Interviews and observations with relevant administrators, including the treasurer and head of the Nurul Huda Mosque Takmir, served as the study's primary sources of data. The author then used secondary data in the form of indirect information from research subjects, such as written documents. Financial records and proof of mosque financial activities, for instance. In order to get corroborating theories about the research issue, the author also turns to books and other references as secondary data sources.

## **4. RESULTS AND DISCUSSION**

After collecting data through documentation and interviews, a data validity test was carried out using data triangulation by listing the date and time of the interview and documentation. Additionally, the identical questions were asked of both informants—the advisor and the mosque treasurer of the Nurul Huda Mosque—during interviews. The interview's findings show that the Nurul Huda Mosque's financial report is still extremely basic and merely documents all income and expenses; it is still manually recorded through the information

board and lacks any organised or standardised financial reporting.

The Nurul Huda Mosque still uses a straightforward method for recording financial data. The only things that have been recorded are monetary revenue and expenses. Despite the quality of the recording, it still does not meet current accounting standards. The treasurer's understanding is used to make the recording.

#### 4.1 Financial Recording Process of Nurull Huda Mosque

The researcher interviewed the treasurer to learn more about the reporting procedure while the mosque's finances were being reported. Based on the results of the interview, the financial reporting process begins with the receipt of funds from various sources, such as donations and alms through charity boxes, donations from the Sugar Factory (PG), and donations from other third parties. These funds can be received directly by Mr. Harik as the treasurer, or through Mr. Wahid as the mosque advisor. After the funds

are received, the treasurer records each income in the mosque cash book.

For expenses, the process involves direct payments to the entitled parties, such as payment of the marbot's salary and payment of other operational needs. After the expenses are made, the treasurer immediately records the transaction in the mosque cash book.

Every week, the financial reports recorded in the cash book are submitted to Mr. Mishari for review. This review process aims to ensure the accuracy and correctness of the recording, so that financial reports can be prepared in a more transparent and accountable manner.

#### 4.2 Analysis of the Compliance of Mosque Financial Reports with ISAK 35

Prior to creating financial reports in compliance with ISAK 35, researchers will compare the Nurul Huda Mosque's financial records with those in compliance with ISAK 35. The analysis of mosque financial reports' compliance with ISAK 35 is shown in the table below:

**Table 1. Summary of Compliance of Nurul Huda Mosque Financial Report with ISAK 35**

ISAK 35	Mosque	Information
Statement of Financial Position	The mosque only records income and expenses, but does not record assets, liabilities, and net assets in a structured manner.	Not yet suitable
Statement of Comprehensive	The mosque records income and expenses, but they are not presented in the form of a comprehensive income statement.	Not yet suitable
Statement of Changes in Net Assets	The mosque does not prepare a formal report on changes in net assets, so there is no information regarding changes in net assets.	Not yet suitable
Statement of Cash Flows	Mosques only record income and expenses without distinguishing between operational, investment and financing activities.	Not yet suitable
Notes to the Financial Statements	There are no specific records explaining the accounting policies or details of the	Not yet suitable

financial items recorded by the mosque.

Source: Processed Data, (2024)

## DISCUSSION

The results of observations and interviews conducted with the management of the Nurul Huda Mosque indicate that financial reporting in this mosque is still simple. The financial recording process is carried out manually using a cash book. The mosque's financial report includes recording income and expenses obtained from various sources, such as donations and alms through charity boxes, donations from the Sugar Factory (PG), donations from third parties, and proceeds from the sale of used goods belonging to the mosque. The expenses recorded include the cost of the caretaker's salary, electricity and water costs, repair costs, laundry costs, and other costs. Although this recording effort shows the management's awareness in managing finances, the report has not been prepared in a structured and formal format as regulated in ISAK No. 35.

ISAK No. 35 regulates that non-profit institutions, including mosques, must prepare financial reports consisting of five main components, namely: (1) Financial Position Statement, which includes assets, liabilities, and net assets; (2) Comprehensive Income Statement, which reports all income and expenses during a certain period; (3) Net Asset Changes Statement, which shows changes in net assets from period to period; (4) Cash Flow Statement that describes cash inflows and outflows based on operational, investment, and financing activities; and (5) Notes to the Financial Statements, which contain additional explanations regarding accounting policies, account details, and other relevant information.

Based on the analysis of the Nurul Huda Mosque financial report, it can be concluded that the mosque's financial report is not fully in accordance with ISAK No. 35 standards. Although there is manual recording of income and expenses, the resulting financial report does not cover the five main components as required in ISAK No. 35.

### *Reconstruction of Nurul Huda Mosque Financial Report Based on ISAK 35*

The findings of the conducted study indicate that Nurul Huda Mosque's financial report continues to deviate from the requirements outlined in ISAK No. 35. The absence of the Financial Position Report, Comprehensive Income Report, Nett Asset Change Report, Cash Flow Report, and Notes to the Financial Statements—the five primary parts of the financial report—is indicative of this. Therefore, in order to improve accountability and transparency in the management of mosque funds, the financial report must be reconstructed in accordance with ISAK No. 35.

### *Financial Position Report of Nurul Huda Mosque*

The financial report prepared by Nurul Huda Mosque does not yet include the Financial Position Report. In actuality, this report plays a significant part in providing details on the mosque's assets, liabilities, and nett equity. A financial record that displays the state of assets, liabilities, and owner's equity during a specific time period is the financial position report, also referred to as the balance sheet [5]. The Nurul Huda Mosque's financial situation report has been reconstructed as follows:

**Table 2. Financial Position Statement**

Nurul Huda Mosque		
Financial Position Statement		
As of December 31, 2023		
<b>ASSET</b>		
<b>Current Assets</b>		
Cash	Rp	37.132.000

Equipment	Rp 254.000	
<b>Total Current Assets</b>		<b>Rp 37.386.000</b>
<b>Non-current Assets</b>		
Land	Rp 250.000.000	
Building	Rp 200.000.000	
Accumulated Depreciation Of The Building	(Rp 40.000.000)	
Equipment	Rp 38.130.000	
Accumulated Depreciation Of Equipment	(Rp 14.603.750 )	
<b>Total Non-current Assets</b>		<b>Rp 433.526.250</b>
<b>Total Assets</b>		<b>Rp 470.912.250</b>
<b>LIABILITIES</b>		
Bank Debt	-	
<b>Amount of Liabilities</b>	-	
<b>NET ASSETS</b>		
Without Restrictions	Rp 470.912.250	
With Restrictions	-	
<b>Total Net Assets</b>		<b>Rp 470.912.250</b>
<b>Total Assets and Liabilities</b>		<b>Rp 470.912.250</b>

Source: Processed Data (2024)

#### *Comprehensive Income Statement*

One component of the financial statements used to assess an entity's accomplishments over a specific time period

is the comprehensive income statement. This report is a tool for evaluating the entity's financial performance and comprehending how it handles its financial resources.

**Table 3. Comprehensive Income Statement**

<b>Nurul Huda Mosque</b>		
<b>Comprehensive Income Statement</b>		
<b>As of December 31, 2023</b>		
<b>No Restrictions From Resource Providers</b>		
Income		
Unrestricted Income	Rp 36.056.000	
Other Income	Rp 650.000	
<b>Total Income</b>		<b>Rp36.706.000</b>
Burden		
Salary expense	Rp 12.000.000	
Electricity and Water Loads	Rp 1.951.000	
Other Expenses	Rp 2.116.000	
Repair Expense	Rp 1.600.000	
Laundry Expense	Rp 188.000	
Depreciation Expense	Rp 8.941.250	
<b>Total Expenses</b>		<b>Rp26.796.250</b>
<b>Total Comprehensive Income</b>		<b>Rp 9.909.750</b>

Source: Processed Data (2024)

**Statement of Changes in Net Assets**

Information on restricted and unrestricted net assets that come from resource suppliers is shown in the statement of changes in net assets. By documenting

overall changes in net assets through the reporting of total surplus or deficit during a specific period, this document illustrates changes in wealth, both increases and reductions [5].

**Table 4. Statement of Changes in Net Assets**

Nurul Huda Mosque		
Statement of Changes in Net Assets		
As of December 31, 2023		
Without Restriction from Resource Providers		
Beginning Balance	Rp 461.002.500	
Current Year Surplus (Deficit)	Rp 9.909.750	
<b>Ending Balance</b>	<b>Rp 470.912.250</b>	
<b>Total Net Assets</b>		<b>Rp 470.912.250</b>

Source: Processed Data (2024)

**Cash Flow Statement**

A document that details cash inflows and expenditures over a specific time period is called a cash flow statement. The purpose of

this paper is to give a summary of the monetary inflows and outflows that take place over that time frame.

**Table 5. Cash Flow Statement**

Nurul Huda Mosque		
Cash Flow Statement		
As of December 31, 2023		
<b>OPERATIONAL ACTIVITIES</b>		
Charity Box Cash	Rp 29.571.000	
Cash from Donations	Rp 6.485.000	
Cash from others	Rp 650.000	
<b>TOTAL RECEIPTS</b>		<b>Rp 36.706.000</b>
Cash Payroll	Rp 12.000.000	
Cash Electricity Payment	Rp 1.951.000	
Cash Laundry Payment	Rp 188.000	
Cash Purchase of Supplies	Rp 254.000	
Cash Repair Payment	Rp 1.600.000	
Cash Other Payments	Rp 2.116.000	
<b>TOTAL EXPENSES</b>		<b>Rp 18.109.000</b>
<b>Total Cash Operating Activities</b>		<b>Rp 18.597.000</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Equipment	Rp 1.630.000	
<b>Total Cash Investing Activities</b>		<b>Rp 1.630.000</b>
<b>FUNDING ACTIVITIES</b>		
Building Investment	-	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>Rp 16.967.000</b>

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	Rp 20.165.000
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	Rp 37.132.000

Source: Processed Data (2024)

#### Notes to the Financial Statements

The policies that serve as a guide for the financial statement presentation are disclosed by CALK. CALK offers extra

information that non-profit organisations are advised to disclose, so that CALK becomes an integral element of the other four financial statements.

**Table 6 Notes to the Financial Statements**

<b>Nurul Huda Mosque</b>	
<b>Notes to the Financial Statements</b>	
<b>As of December 31, 2023</b>	
<b>GENERAL DESCRIPTION</b>	
Nurul Huda Mosque is one of the mosques located in Bondowoso Regency, precisely in Prajekan District, Prajekan Kidul Hamlet. This mosque has a long history since its inception in 1970. Initially, Nurul Huda Mosque was a grant from the Prajekan Sugar Factory.	
<b>SUMMARY OF ACCOUNTING POLICIES</b>	
The following are several guidelines and references for presenting financial reports applied by the Nurul Huda Mosque in preparing its financial reports, especially financial position reports and activity reports.	
a. Guidelines for preparing reports and recording periods	
Nurul Huda Mosque's financial report is prepared based on ISAK 35 guidelines. Previously, it only recorded cash out and in. While the recording period is presented annually.	
b. Depreciation basis	
The financial statements of Nurul Huda Mosque are prepared on an accrual basis using the historical value concept, except where accounting standards require fair measurement.	
c. Cash and cash equivalents	
Cash and cash equivalents presented in the financial position report amounted to Rp. 37,132,000.	
d. Accounts Receivable	
Nurul Huda Mosque does not have trade receivables.	
e. Fixed Assets	
Fixed assets land is not depreciated while other fixed assets are recorded at the acquisition cost of fixed assets less accumulated depreciation using the straight-line depreciation method. Fixed assets consist of:	
Land:	Rp 250,000,000
Building:	Rp 200,000,000
Equipment:	Rp 38,130,000
Accumulated Depreciation of Building:	Rp 40,000,000
Accumulated Depreciation of Equipment:	Rp 14,603,750
f. Income	
The income owned by Nurul Huda Mosque as of December 31, as follows:	
Donation from Charity Box:	Rp 29,571,000
Donation from Prajekan Sugar Factory:	Rp 3,100,000
Other Income:	Rp 4,035,000
g. Burden	



The expenses incurred by Nurul Huda Mosque during one period as of December 31 are as follows:

Salary Expense	: Rp 12.000.000
Electricity and Water Expense	: Rp 1.951.000
Laundry Expense	: Rp 188.000
Repair Expense	: Rp 1.600.000
Other Expenses	: Rp 2.116.000
Depreciation Expense	: Rp 8.941.250
<b>Total Expenses</b>	<b>: Rp 221.011.131</b>

Source: Processed Data (2024)

## 5. CONCLUSION

Based on the research that has been conducted on the reconstruction of financial reports based on ISAK 35 at the Nurul Huda Mosque in Prajekan Kidul Village, Bondowoso Regency, the following conclusions can be drawn:

- 1) The Nurul Huda Mosque in the process of recording and reporting its finances by first making manual records, then re-recording them using a computer. The financial report prepared by the treasurer currently only includes information related to income and expenses within a period of one month. After that, the financial report is given to the chairman and also the advisor of the Nurul Huda Mosque to check the conformity of the cash between the cash on hand and the cash recorded in the report.
- 2) The Nurul Huda Mosque is still unable to apply ISAK 35 in preparing its financial reports because it is constrained by inadequate human resources. In addition, the administrators on duty have not yet mastered or understood the ISAK 35 standards. To overcome these obstacles, the Nurul Huda Mosque

can provide training to the administrators of the Nurul Huda Mosque regarding how to prepare financial reports in accordance with ISAK 35.

## SUGGESTIONS

Based on the results of the study on financial management at the Nurul Huda Mosque, there are several suggestions that can be given to improve efficiency, transparency, and accountability in managing mosque finances. It is recommended that mosques start using a financial recording system that is integrated with technology, such as accounting software, to facilitate recording, storing, and managing financial data and reduce the risk of errors in manual recording.

Suggestions for further research are to analyze mosque financial management in more depth by involving comparisons between several mosques in the same or different areas. This can provide a broader picture of how other mosques manage finances and utilize the resources they have for operational needs and social programs. In addition, further researchers are also advised to explore aspects of transparency and accountability in mosque financial reports, by involving the perceptions of the congregation and parties who provide donations.

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