

Accountability and Transparency as the Implementation of Financial Accounting Standards Interpretation (ISAK) 35 (Study on Non-Profit Entities)

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ABSTRACT

This study aims to determine the reasons for the revocation of PSAK No. 45 and the application of ISAK 35 and to analyze the presentation of the financial statements of the Yayasan Bina Integrasi Edukasi on the Presentation of the Financial Statements of Non-Profit-Oriented Entities. This type of research is qualitative through a case study approach. The research method used in this research is descriptive. The results of this study indicate that the reasons for the revocation of PSAK No. 45 are that it has been regulated by another SAK. Then, the Yayasan Bina Integrasi Edukasi presented its financial statements based on ISAK 35. Then, there are not many differences regarding the presentation of PSAK No. 45 and ISAK No. 35 in the financial statements of non-profit organizations. *Keywords:* Interpretation of Financial Accounting Standards (ISAK) 35, Statement of Financial Accounting Standards (PSAK) No. 45, presentation of financial statements, foundations.

INTRODUCTION

In today's developing world, Indonesia is a developing country whose economic development is currently hampered by problems in various sectors and units. In the economy, accounting is one of the most important sciences, and its application to every non-profit entity must refer to the Financial Accounting Standards that have been prepared by the Indonesian Accounting Association (IAI). Various efforts have been made to maximize economic development in Indonesia, one of which is to establish an organization. Quite a number of organizations or entities that stand in the middle of society are built by certain parties and grow in the midst of Indonesian society. From small organizations to large organizations. There are also some organizations whose paths are not profit-oriented. Organizations that are not profit-oriented, better known as non-profit organizations, have existed for a long time in Indonesian society. In practice, non-profit organizations are divided into two groups, namely, those that require preliminary capital expenditures and then finance themselves. Such as a private college whose income, if it is income from student payments, can exceed the budgeted costs, will be used to continue the goals of the private college. The second group is made up of non-profit organizations that are supported by regular donations or grants. Such as orphanages, social agencies, foundations, and so on, whose acquisition of funds is involuntary or voluntary, and unwittingly, these non-profit organizations have grown for a long time in Indonesian society (Suryono, 2016).

This non-profit organization itself is seen differently from various community groups. This is because non-profit organizations run not solely for profit, and one of their goals is to promote an issue or matters of interest to the general public for non-commercial reasons. The most basic role of accounting is its ability to present various information and answers related to all forms of financial activities. Although non-profit organizations are not profit-oriented, they still intersect with financial activities because they have budgets, pay electricity and telephone bills, and deal with other financial matters. From this explanation, it can be proven that the function and role of accounting are very important because the purpose of accounting is to provide economic data and report it to various individuals and interested parties (Diviana et al., 2020)

Non-profit organizations generally elect leaders, administrators, or responsible persons who receive mandates from their stakeholders. Related to accountability, where accounting is a means of accountability. Thus, the management of the financial statements of a non-profit organization is important. Because nonprofit organizations have accountability for the use of funds managed by internal and external parties, it increases confidence that their financial resources are really being used properly. There are some fundamental differences between non-profit organizations and profit-oriented organizations. This difference is also the basis for how non-profit organizations obtain the resources needed to carry out various activities within their organization. Non-profit entities obtain resources from donations from members of the entity or from other donors who do not expect a return or reward from the entity. However, at this time, there are still many non-profit

organizations that have not made their financial statements based on applicable accounting standards (Afifah & Faturrahman, 2021).

Related to the draft accountability framework, where accounting itself is a facility for accountability, financial reports need to be presented by non-profit organizations. The question that arises is the performance of the organization in being accountable for the management of these funds. This means that the management of these funds must be known to the public. Non-profit organizations generally do not expect returns or rewards, but donors to these organizations certainly want reporting and transparent accountability for the funds managed (Julianto et al., 2017).

Financial reporting of not-for-profit entities was first issued by the Financial Accounting Standards Board (DSAK) of IAI on December 23, 1997, and is regulated by Statement of Financial Accounting Standards (PSAK) No. 45, effective January 1, 2000. PSAK No. 45 is intended to assist non-profit organizations in preparing financial statements, which include a statement of financial position, a statement of activities, a statement of cash flows, and notes to financial statements. According to (Anand, 2018), the financial statements of this non-profit entity are needed for accounting information for users, both internal and external.

Then (Indonesian Institute of Accountants, 2018), on April 11, 2019, Interpretation of Financial Accounting Standards (ISAK) 35 was approved by the IAI Financial Accounting Standards Board (DSAK), which is effective on January 1, 2020, to replace PSAK No. 45. In the newly issued regulations, non-profit organizations prepare their financial statements in accordance with ISAK 35. Some of the changes that can be recognized are changes in the translation term for the word not-For-profit, which was previously in PSAK No. 45 and translated as non-profit, but then changed by DSAK IAI in ISAK 35 to non-profit. With the basic understanding that the main activity is not profit-oriented but does not mean not making a profit (non-profit).

The foundation can be said to be an institution that was formed not for profit alone (non-profit). The foundation is an entity that has goals and purposes that are social, religious, and humanitarian in nature and is established by paying attention to the formal requirements specified in the law. Foundations are generally included in non-profit organizations, so their financial statements refer to applicable accounting standards. At this time, the Financial Accounting Standard that applies to non-profit organizations or entities is ISAK 35, which was previously regulated in PSAK No. 45. Several studies have been conducted relating to ISAK 35 regarding the financial statements of non-profit-oriented entities. However, the research that has been done shows that there are still many nonprofit organizations that have not prepared their financial statements in accordance with ISAK 35 (Oktavia Widhawati et al., 2021).

Yayasan Bina Integrasi Edukasi (YBIE) is a foundation that focuses its activities on the area of capacity building for non-profit organizations. This foundation is a non-profit organization that works to provide direct technical assistance in the form of physical assistance to non-profit organizations in

several aspects. In line with the growth of information technology, Yayasan Bina Integrasi Edukasi also focuses on building resource centers for the development of non-profit institutions utilizing technology. One of them is the provision of learning materials on websites, YouTube, and other social media. With a simple goal, the reach of the Yayasan Bina Integrasi Edukasi's services is wider and more accessible. In carrying out its activities, the Bina Integrasi Edukasi Foundation greatly assists institutions and also works with other partners for the same activities.

The presentation of financial statements of non-profit organizations has been regulated using ISAK 35, which has been active since January 1, 2020. The financial statements of a non-profit organization include a statement of financial position, a statement of comprehensive income, a statement of changes in net assets, a statement of cash flows, and notes to the financial statements. Financial statements contain accounting information that can be used to determine the achievements of an organization.

In this study, the discussion of the above exposure is to be able to answer the formulation of existing problems, namely as follows: (1) This study aims to analyze changes or revocations from Statement of Financial Accounting Standards (PSAK) No. 45 to Interpretation of Financial Accounting Standards (ISAK) No. 35. (2) This study aims to determine the suitability of the Financial Statements of Yayasan Bina Integrasi Edukasi in accordance with Financial Accounting Standards (SAK) applicable to non-profit entities. (3) This study aims to further analyze the differences in the presentation of financial statements according to PSAK No. 45 and ISAK No. 35.

THEORETICAL REVIEW

Accounting Standards Report

(Satria & Hendyka, 2021) explains, Financial Accounting Standards (SAK) is a framework in the stage of financial reporting activities in order to harmonize in presenting financial statements. The Accounting Standards Board, namely IAI is the compiler of Financial Accounting in Indonesia. Not only that, the Indonesian state also has (KDP), namely the Basic Framework for the Preparation and Presentation of Financial Statements (PLK) which is the basic idea of preparing and presenting financial reports for external users.

Non-Profit Organizations

(Riki Darmawan, 2020) explains, a non-profit organization or non-profit organization is an organization whose main purpose is to encourage matters in attracting public attention or issues that aim to be non-commercial or without any attention to matters of profit. Meanwhile, (Repi et al., 2015) is an organization that often seeks financial profit but, the profits obtained are used in educational and social purposes which are certainly not in the personal interests, owners or even managers.

Types of Financial Statements of Non-Profit Organizations

At this time, the preparation of financial statements in Non-Profit Entities Financial Reporting Non-Profit Entities has switched to ISAK Number

35 which is the Presentation of Non-Profit Oriented Financial Statements, which previously referred to PSAK 45 as of January 1, 2020. PSAK Number 45 has been effectively eliminated and cannot be used through PPSAK 1 (Discontinuation of PSAK Number 45). DSAK IAI then issued ISAK Number 35 instead. Therefore, for non profit organizations and Institutions such as, Foundations to align. (Ikatan Akuntansi Indonesia, 2012)

Purpose of Financial Statements of a Non-Profit Organization

Non-profit organizations are basically entities whose main purpose is not solely to seek profit so that they must carry out adequate accountability to stakeholders. Financial reports in non-profit organizations are used as a form of management accountability for resource management to internal parties and especially to external parties so that donors do not stop the non-profit funding sources they manage or do not lose trust, which is also a form of accounting information.

Research Framework

In the course of this research study, based on the provisions of ISAK 35 which have regulated the presentation of Financial Statements of Non-Profit Oriented Entities. Researchers analyzed the presentation of Financial Statements prepared directly by the Yayasan Bina Integrasi Edukasi. Everything related to the Financial Statements by the Yayasan Bina Integrasi Edukasi will be a variable that will later be studied in this research action and a comparison will be made whether the financial statements are in accordance with ISAK Number 35 so that a conclusion can be drawn. From the description presented previously, it is therefore described using the following framework.

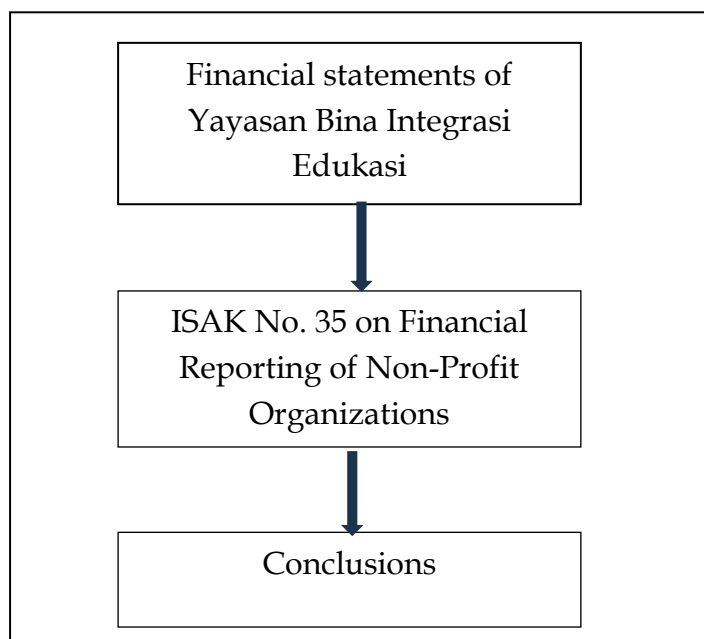


Figure 1. Conceptual Framework

METHODOLOGY

Type of Research

The type of research used is qualitative research with descriptive analysis methods. According to Sugyono (2013), in essence, qualitative research is a research method used to examine natural conditions. The type of research conducted is a case study. This research focuses intensively and in detail on a particular object that is studied as a case, which can be events, environments, or certain situations that make it possible to reveal or understand something. The case study in this research was conducted at Yayasan Bina Integrasi Edukasi.

Subjects and Objects of Research

1. Subject of Research. The subject of this research is the treasurer of Yayasan Bina Integrasi Edukasi, who is responsible for the financial statements of Yayasan Bina Integrasi Edukasi.
2. Object of Research. The object to be studied is the financial statements presented by the Yayasan Bina Integrasi Edukasi in 2020.

Data and Data Types

The type of data used in this research is qualitative, where qualitative is data that makes events the guide of the research. To get the necessary data, here are some ways to get it, including:

1. Primary Data. Primary data is data obtained by researchers directly through the subject concerned or the original source, namely Evi Aisah Tresnaningsih, S.Pt., as treasurer. Researchers made direct observations to obtain the primary data sources needed for this study.
2. Secondary Data. Secondary data is a source that does not directly provide data. Secondary data in this study can be taken from the internet, articles, previous research, journals, and documents and archives from Yayasan Bina Integrasi Edukasi.

Data Collection Technique

In this study, researchers visited the Yayasan Bina Integrasi Edukasi to make direct observations. Data collection used in research with qualitative methods in this study is as follows:

1. Observation. Observation is when a researcher does data collection based on the source of the data. The information obtained is in the form of the 2020 Yayasan Bina Integrasi Edukasi Financial Report.
2. Documentation. Documentation is a method used to obtain financial data for the Yayasan Bina Integrasi Edukasi in 2020. The documentation technique has the function of obtaining data related to an overview of the Foundation, its vision and mission, and other necessary information.
3. Literature Review. The author collects data by reading books available in the library related to the problems that will be discussed in this study.

Data Analysis Technique

In this research, the method used is descriptive analysis, with the aim of providing a detailed description. To answer the formulation of the problem

regarding the Implementation of Changes in PSAK No. 45 to ISAK 35 Financial Statements of Non-Profit Organizations, the researcher uses the following analysis techniques:

1. Collecting the data needed in research generated from primary data obtained directly from financial statements based on accounting standards applicable to non-profit organizations.
2. Observing and reviewing all data obtained from observation and documentation obtained from Yayasan Bina Integrasi Edukasi. The data reviewed here is from the Financial Statements that have been presented by the Yayasan Bina Integrasi Edukasi.
3. From the data that has been collected from the object of research, explain how the implementation of changes in PSAK No. 45 in recording its financial statements will affect ISAK No. 35 in 2020.

RESULTS

Analysis of Financial Statement Presentation After collecting and observing, the application of ISAK Number 35 at Yayasan Bina Integrasi Edukasi which is a non-profit organization and entity. Financial Reporting of Non-Profit Oriented Entities based on ISAK Number 35 non-profit oriented entities are entities engaged in community services which do not have a goal in profit seeking. However, when viewed in the preparation and implementation of the Averroes Community Financial Report, it is in line with general accounting standards. For the format of the financial statements themselves, which consists of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Net Assets and also Notes to the Financial Statements themselves.

DISCUSSION

Reasons for the Revocation of PSAK No. 45 and the Application of ISAK 35

The presentation of financial statements has been regulated in PSAK 1, namely the Presentation of Financial Statements, so there is no need for two (2) PSAKs to be applied only to regulate the same essence. Statements that regulate the presentation of different financial statements in the same standard can lead to regulatory inconsistencies and uncertainty about the scope limitations between PSAK 1 and PSAK No. 45. In PSAK No. 45, the scope applies to non-profit-oriented entities, while PSAK 1 is understood as if it only applies to profit-oriented business entities. Whereas PSAK 1 also opens up opportunities for application to non-profit-oriented entities.

Revocation of PSAK 45: Financial Reporting of Not-for-Profit Entities is based on the reason that Statement of Financial Accounting Standards (PSAK) No. 45 is based on the impact of IFRS convergence or International Financial Reporting Standards adhering to the principle of "transaction-based" not "entity based," which results in industry-based Financial Accounting Standards (SAK) having to be revoked because they are already regulated in other Financial Accounting Standards (SAK), namely SAK ETAP or SAK EMKM, including PSAK No. 45, which must be revoked. The revocation of PSAK No. 45 through

PPSAK No. 13, which started with the issuance of the Exposure Draft (ED) on September 26, 2018, was announced to the public on October 31, 2018, and then the public response process continued until December 31, 2018. PPSAK was officially endorsed by DSAK IAI on April 11, 2019, and effective January 1, 2020, PSAK No. 45 can no longer be used.

The implementation of Financial Accounting Standards Interpretation (ISAK) 35 regarding the presentation of Financial Statements of Non-profit-oriented entities is in order to provide guidance to non-profit entities in the presentation of their financial statements. The issuance process of ISAK 35 also coincides with the revocation of PSAK No. 45, which was approved on April 11, 2019, and became active on January 1, 2020.

Conformity of the Financial Statement Presentation of Yayasan Bina Integrasi Edukasi with ISAK 35

ISAK 35 is a guideline that applies to the presentation of financial statements of non-profit-oriented entities and describes the statement of financial position, the statement of comprehensive income, the statement of changes in net assets, the statement of cash flows, and notes on financial statements. Therefore, Yayasan Bina Integrasi Edukasi has used ISAK 35 in the presentation of its financial statements. This shows that Yayasan Bina Integrasi Edukasi has conducted relevant financial reporting.

1. Statement of Financial Position of Yayasan Bina Integrasi Edukasi

The purpose of the statement of financial position at Yayasan Bina Integrasi Edukasi is to provide information about assets, liabilities, and the relationship between these elements at a certain time. In the statement of financial position presented by YBIE, Format B, which includes the amount of other comprehensive income (the entity presents other comprehensive income information in accordance with its net assets; for example, if other comprehensive income comes from net assets with restrictions, then it is presented in the class of net assets with restrictions), can be seen in the Statement of Changes in Net Assets, namely without restrictions from resource providers Rp 332,203,961 and with restrictions from resource providers Rp 551,495,899, with the final result of the YBIE financial position report for 2020 being Rp 883,699,860. The information in the statement of financial position as well as other forms of information has the purpose of being able to help donors or grantees, members of non-profit entities, and other interested parties.

2. Statement of Comprehensive Income

The statement of comprehensive income aims to show the amount of surplus (deficit) and other comprehensive income. Yayasan Bina Integrasi Edukasi presents its statement of comprehensive income using Format B, which presents information in accordance with the classification of net assets. This report also provides other information about (a) the effect of transactions and other events that change the amount of revenue, (b) the relationship between transactions and other events on the amount of expenses, and (c) the use of resources in the implementation of various programs. Comprehensive income at Yayasan Bina Integrasi Edukasi

includes information about income such as unrestricted donations from resource providers and donations with restrictions from resource providers.

3. Statement of Changes in Net Assets

This statement of changes in net assets also presents information about other comprehensive income according to the classification of net assets.

4. Cash Flow Statement

The cash flow statement presents information about cash receipts and disbursements in the current period. With the aim of assessing the organization's ability to generate cash and cash equivalents. Yayasan Bina Integrasi Edukasi uses Format B.

5. Notes to Financial Statements (CALK)

CALK explains and describes the required disclosure policies that require other financial statements to be presented. The CALK provides information that is recommended for disclosure by nonprofit-oriented entities.

Differences in the Presentation of Financial Statements: PSAK No. 45 and ISAK 35

In this discussion, researchers have summarized the differences in the presentation of financial statements according to PSAK No. 45 and ISAK No. 35. In the presentation of financial statements according to ISAK 35 and PSAK No. 45, there are four things that are differences or changes in the format of financial statements:

1. Net Asset Classification

In Statement of Financial Accounting Standards (PSAK) No. 45, resources are classified into 3 items: unrestricted, temporarily restricted, and permanently restricted net assets. Whereas in the Interpretation of Financial Accounting Standards (ISAK), 35 only divides into two classifications, namely with restrictions and without restrictions.

2. Title of Financial Statements

In Statement of Financial Accounting Standards (PSAK) No. 45, it is known as the Statement of Activities, which contains information on income minus expenses equal to the current year's surplus or deficit and then plus the opening balance equal to the ending balance. Whereas in Financial Accounting Standards Interpretation (ISAK) 35, it is called the Statement of Comprehensive Income, which only contains information up to the current year's surplus or deficit.

3. Statement of Net Asset Changes

In Statement of Financial Accounting Standards (PSAK) No. 45, the Statement of Changes in Net Assets is only an alternative, while in Financial Accounting Standards Interpretation (ISAK) No. 35, it is part of the type of financial statements of non-profit entities.

4. Other Comprehensive Income

Interpretation of Financial Accounting Standards (ISAK) 35 also accommodates Other Comprehensive Income in the presentation of financial

statements, especially for entities that use IFRS-based SAK as the basis for preparing financial statements.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results and discussion of the data, the reason for the revocation of Statement of Financial Accounting Standards (PSAK) No. 45 is because it has been regulated in other SAKs. Yayasan Bina Integrasi Edukasi has presented financial statements in accordance with ISAK 35 regarding the presentation of financial statements of non-profit-oriented entities consisting of statements of financial position, statements of comprehensive income, statements of changes in net assets, statements of cash flows, and notes to financial statements. ISAK 35 has several differences with PSAK No. 45, where the basic difference is the classification of net assets, which combines permanently restricted net assets and temporarily restricted net assets into net assets with restrictions to reduce complexity and unrestricted net assets into net assets without restrictions.

FURTHER STUDY

With this research, it is hoped that future researchers can expand the scope of their research and also explore more information about the process of presenting the financial statements of ISAK 35 nonprofit entities. And it is also hoped that it will expand information about ISAK 35 to entities that have not implemented ISAK 35 or presented their financial statements based on ISAK 35. Further research is also expected to examine the obstacles to the application of Financial Accounting Standards Interpretation (ISAK) 35 for nonprofit organizations.

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