

PREPARATION OF FINANCIAL REPORTS BASED ON INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS NUMBER 35 AT THE GARUDA REVOLUTION FOUNDATION

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Abstract

The form of organization in Indonesia is very diverse, one of which is a non-profit organization owned by the government or private parties with a commitment not to be oriented towards financial profit. The Garuda Revolusi Foundation as a non-profit organization plays an important role in serving the community with funding sources obtained from donors so that it is necessary to pay attention to the importance of the management of the foundation's finances.

The research design used is research development design which in English terms is called *Research and Development* (R&D). R&D methods enable systematically innovative development and testing with data sources collected through interviews with the foundation, observations of the financial report preparation process and documentation studies. The model used in this study is ADDIE model through five stages, namely analysis, design, development, implementation, and evaluation. This research with ADDIE model is limited by the researcher. The data analysis used by the researcher is the Miles Huberman model data analysis, which states that qualitative data processing methods or techniques can be carried out in three stages, namely *data reduction*, *data display*, and *conclusion drawing/Verification*.

The results of the study on the preparation of financial reports for the Garuda Revolusi Foundation produce information related to the receipt of funds from donors through Kitabisa.com and expenditures consisting of two items, namely program activity expenditures and operational expenditures. Based on these data, the researcher provides a proposed classification of account numbers and prepares financial reports according to accounting standards for non-profit organizations, namely the Interpretation of Financial Accounting Standards Number 35 which consists of the Financial Position Report, Comprehensive Income Report, Net Asset Change Report, Cash Flow Report, and Notes to the Financial Statements. Financial reports in accordance with ISAK 35 will obtain more structured, organized, clear, and easy-to-understand information. The recommendation for further research is to further examine the accountability and transparency of the Garuda Revolusi Foundation.

Keywords: Foundation; Preparation; Interpretation of Financial Accounting Standards Number 35; Financial Report; Donors

1. Introduction

An organization is a legal entity that has the intent and purpose of providing benefits to society in the social, religious, and humanitarian fields. The forms of organizations in Indonesia are very diverse, one of which is a non-profit organization owned by the government or private parties with a commitment to providing services to the community without the aim of seeking financial gain.

A non-profit organization is an organization that is not *profit-oriented* but making human resources the most asset, because all activities of this organization are basically from, by, and for humans. Although it is known that it is not profit-oriented, non-profit organizations need to realize the importance of financial reports that comply with standards to provide trust to donors and prevent misuse of funds that have been given. There are various cases of misuse of funds obtained from donors of non-profit organizations carried out by irresponsible parties.

Transactions in foundations are distinguished from profit-oriented organizations based on the existence of donation receipt transactions received by the foundation from donors and the community. Therefore, certain transactions will arise that are rare or even non-existent in business organizations, namely donation receipts. To account for the resources obtained, foundations must prepare financial reports with a financial report format that is different from the financial reports of business organizations.

Every organization must implement accounting standards created by the Indonesian Institute of Accountants, but the presentation of financial statements of non-profit organizations is often faced with a dilemma between being professional and accountable according to standards or persisting in relying on trust among fellow organizational administrators. This dilemma can be overcome by implementing the Interpretation of Financial Accounting Standards (ISAK 35) issued by the Indonesian Institute of Accountants (IAI).

ISAK 35 provides guidance for foundations in presenting transparent and accountable financial reports, so that foundations can balance professionalism and accountability while maintaining trust among fellow organizational administrators. The implementation of ISAK 35 at the Garuda Revolusi Foundation will provide many benefits, both for the foundation itself and for its stakeholders. By implementing ISAK 35, foundations can prepare financial reports that are more transparent, accurate, and in accordance with applicable accounting standards.

2. Literature Review

2.1 Theory of Trust

The Amanah Theory states that a foundation is an entity formed to manage certain assets or resources on behalf of another party (*principal*). The foundation acts as an agent or trustee who has the responsibility to manage the assets or resources in accordance with the stated objectives. The application of this amanah theory explains about the foundation administrators who are responsible for managing the foundation's assets, which are separate from the founder's personal assets, for social, religious, and humanitarian purposes.

2.2 Non-Profit Organizations

A non-profit organization is an organization that is established to support issues for a non-commercial purpose without having any concern in terms of seeking profit. In PSAK 45 which was later revoked and replaced by ISAK 35, it explains that the main characteristic of a non-profit entity is that the donor as the funder does not expect economic benefits that are comparable to the amount of funding provided (Ansari, 2021)

2.3 Foundation

A foundation is a legal entity that is under the authority of an agency that manages it based on social goals and several other legal goals (Subekti, 2021)

2.4 Financial Reports

Financial statements present the historical journey of an entity qualified in monetary value so that financial statements must be prepared based on applicable accounting standards so that the financial statements can be compared with financial statements in previous periods. The preparer of financial statements must be able to present the company's financial health clearly and transparently to make meaningful business decisions.

2.5 Financial Accounting Standards (FAS)

Financial Accounting Standards or SAK is a framework in the procedure for preparing and presenting financial statements with accounting practices applicable in Indonesia so that there is uniformity or harmony. This standard is prepared and published by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI). This standard contains rules regarding the process of making, preparing, disclosing, and presenting financial statements in Indonesia.

2.6 Interpretation of Financial Accounting Standards Number 35 (ISAK 35)

Interpretation of Financial Accounting Standards Number 35 (ISAK 35) is the latest guideline in preparing financial statements for non-profit orientation. The implementation of this standard is expected to make financial statements prepared by non-profit entities easier to understand, and financial statements can also have a higher level of relevance and comparability. The components of financial statements based on ISAK 35 are financial statements, comprehensive income statements, statements of changes in net assets, cash flow statements, and notes to the financial statements.

3. Materials and Method

3.1 Design Study

The research design used is research development design which in English terms is called *Research and Development (R&D)*. R&D methods enable systematically innovative development and testing. This study was conducted to develop existing financial statements and applied in the Garuda Revolution foundation to create new financial statements in accordance with ISAK 335 standards. The model used in this study is ADDIE model through five stages, namely analysis, design, development, implementation, and evaluation. Penelitian with ADDIE model is limited by the researcher. This limitation is based on the need and limited time of research implementation. Development restrictions are only carried out until *the Design cycle* on the ADDIE model is applied.

3.2 Data Analysis

The data analysis used by the researcher is the Miles Huberman model data analysis, which states that qualitative data processing methods or techniques can be carried out in three stages, namely *data reduction*, *data display*, and *conclusion drawing/Verification*.

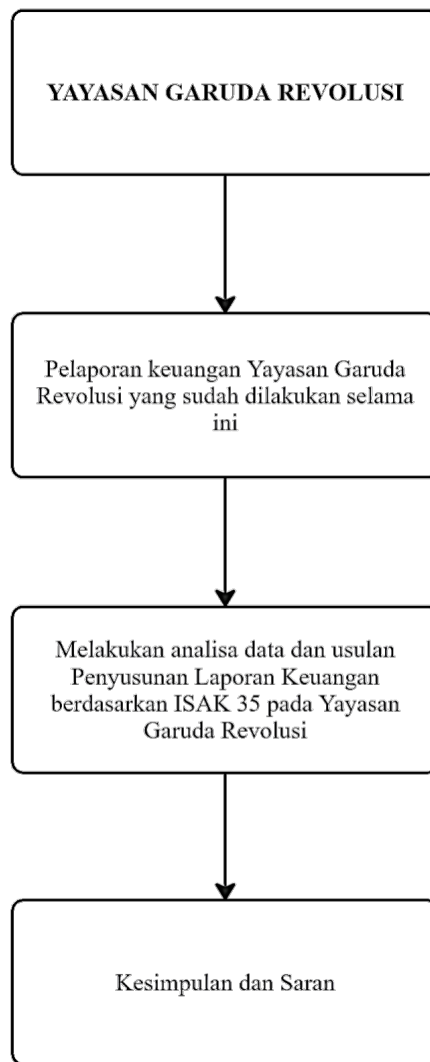


Figure 1. Research Model

4. Results

Garuda Revolusi Foundation is a non-profit organization whose source of income is obtained from donor donations through the Kitabisa.com application which does not expect repayment or economic benefits in return.

Table 4.1 Cash Receipts of Garuda Revolusi Foundation
Foundation Cash Receipts

Month	Nominal
March	Rp. 72,000,000
April	Rp. 32,316,206
May	Rp -
June	Rp. 32,900,000
Total Income	Rp. 137,216,206

The following is a record of the amount of cash expenditure of the Garuda Revolusi Foundation in carrying out its program activities and operations.

Table 4.2 Cash Expenditure of Garuda Revolution Foundation

Foundation Expenditures				
Account Name	March	April	May	June
Salary expense	1,005,000	7,300,000		4,000,000
Rental expenses	13,000,000			
Utility Expenses	509,000	405,000	848,000	300,000
Advertising Load	990,000			
Consumption Burden	2,051,669	356,000	148,000	
Transportation Load	1,591,000	1,021,000	230,000	
Administrative Expenses	15,000		50,000	
Vehicle Maintenance and Repair Expenses	340,000		15,000	
Shipping Costs	595,000		9,000	
Ramadan Activity Costs	32,255,200	22,147,500	3,139,000	2,000,000
Eid al-Adha Activity Costs				32,900,000
Office equipment	5,080,721			
Office supplies	2,423,750	146,000	66,000	
Total Expenditure	Rp59,856,340	Rp31,375,500	Rp4,505,000	Rp. 39,200,000

5. Discussion

5.1 Garuda Revolusi Foundation's Financial Report that is Already Running

a. Results of Analysis of Cash Receipt Process of Garuda Revolusi Foundation

The cash receipt process in a foundation involves several stages starting from identifying sources of income, recording cash receipts, to managing and reporting the use of funds. This procedure must be carried out with the principles of accountability and transparency to fulfill responsibilities towards donors, stakeholders, and the public. Thus, good cash management also minimizes the risk of misappropriation of funds and reporting errors that can have a negative impact on the foundation's reputation. Based on the results of interviews with informants conducted by researchers,

"Garuda Revolusi Foundation's income comes from opening donations on Kitabisa.com and we do not yet have any permanent donors, either individuals or organizations, as permanent income and every time we want to carry out an activity, we open donations through Kitabisa.com."

The description above reveals that the Garuda Revolusi Foundation only receives funds through donations from Kitabisa.com. Kitabisa is an application and website from Indonesia for online fundraising. Digitally facilitated fundraising campaigns include medical, humanitarian, and disaster relief fundraising. Donations received by the foundation will be transferred directly to the foundation's account within a few days after the donation is opened, and after reaching the set target.

b. Results of Analysis of Cash Disbursement Process of Garuda Revolusi Foundation

The cash disbursement process at the foundation includes various activities such as payment of operational costs, employee salaries, purchase of goods or services, to funding social programs that are the focus of the foundation. Every expenditure must be supported by strict administrative procedures, starting from payment requests, authorization, recording, to reporting. Based on the results of interviews with informants conducted by researchers,

"Our foundation's expenses are divided into two, namely expenses for activities and expenses for operations that are in the nature of supporting the foundation and the

foundation's activities. For expenses for foundation activities, such as Ramadan activities where for 30 days they break the fast together with orphanages in the city of Bogor, then activities to buy Eid clothes for orphans and Eid al-Adha activities. While the recapitulation results, the two largest budgets are rent for the office and salaries. Specifically for operations, yes."

The description above reveals that there are two cash expenditure items at the Garuda Revolusi Foundation, namely as follows:

1. Program Activity Expenditure

Based on the mission of the Garuda Revolusi Foundation, the expenditure of this Activity Program is intended for programs for orphans, the elderly, and communities in need.

2. Operational Expenses

These expenses cover the day-to-day costs required to run the foundation, such as staff salaries, office rent, utilities (electricity, water, internet), office supplies, and other administrative costs. These expenses are essential to ensure the foundation can function effectively and efficiently.

5.2 Foundation Financial Report according to Interpretation of Financial Accounting Standards Number 35

a. Proposed Classification of Account Numbers at the Garuda Revolusi Foundation

Table 5.2.1 Account Number Classification at the Garuda Revolusi Foundation

<i>CHART OF ACCOUNT (COA)</i>	
CURRENT ASSETS	
101 – 01	Cash at BNI bank
101 – 02	Equipment
101 – 03	Other Current Assets
FIXED ASSETS	
121 – 01	Equipment
121 – 02	Accumulated Depreciation of Plates
121 – 03	Vehicle
121 – 04	Accumulated Vehicle Depreciation
LIABILITIES	
211 – 01	Short Term Liabilities
212 – 01	Long Term Liabilities
NET ASSETS	
301 – 01	Unrestricted Net Assets
302 – 01	Net Assets With Restrictions
INCOME	
401 – 01	Income - Contributions without limits
402 – 02	Income – Contributions with limits
BURDEN	
501 – 01	Salary expense
501 – 02	Rental expenses
501 – 03	Utility Expenses
501 – 04	Advertising Load
501 – 05	Consumption Burden
501 – 06	Transportation Load

501 – 07	Administrative Expenses
501 – 08	Maintenance Costs
501 – 09	Shipping costs
502 – 01	Ramadan Activity Costs
502 – 02	Eid al-Adha Activity Costs

b. Garuda Revolusi Foundation Financial Report Based on Interpretation of Financial Accounting Standards Number 35

Table 5.2.2 Financial Position Report of Garuda Revolusi Foundation

Garuda Revolution Foundation		
Financial Position Statement		
As of June 2024		
	Q2	Q1
ASSET		
Current assets		
Cash at BNI Bank	65.216.206	72,000,000
Equipment	212,000	2,423,750
other current assets	-	-
Total Current Assets	65,428,206	74,423,750
Fixed assets		
Equipment	-	5,080,721
Accumulated depreciation of equipment		
Vehicle	-	-
Accumulated vehicle depreciation	-	-
Total Fixed Assets	-	5,080,721
TOTAL ASSETS	65,428,206	79,504,471
LIABILITIES		
Short-term liabilities	-	-
Long Term Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS		
Without restrictions from the resource provider	9,995,837	19,648,131
With restrictions from the resource provider	-	-
TOTAL NET ASSETS	9,995,837	19,648,131
TOTAL LIABILITIES AND NET ASSETS	9,995,837	19,648,131

Table 5.2.3 Comprehensive Income Report of Garuda Revolusi Foundation

Garuda Revolution Foundation		
Comprehensive Income Statement		

As of June 2024		
	Q2	Q1
WITHOUT LIMITATION FROM RESOURCE PROVIDERS		
Income		
Income - donor contributions	5,029,706	39,744,800
Etc		
Total Revenue	5,029,706	9,744,800
Burden		
Salary expense	11,300,000	1,005,000
Rental expenses	-	13,000,000
Utility Expenses	1,553,000	509,000
Advertising Load	-	990,000
Consumption Burden	504,000	2,051,669
Transportation Load	1,251,000	1,591,000
Administrative Expenses	50,000	15,000
Maintenance Costs	15,000	340,000
Shipping costs	9,000	595,000
Total Load	14,682,000	20,096,669
Surplus (Deficit)	- 9,652,294	19,648,131
WITH LIMITATIONS FROM RESOURCE PROVIDERS		
Income		
Donations with limitations	60,186,500	32,255,200
Total Revenue	60,186,500	32,255,200
Burden		
Ramadan Activity Costs	22,147,500	32,255,200
Friday Blessing Activity Costs	2,906,000	-
Mosque Cleaning Activity Costs	2,233,000	-
Eid al-Adha Activity Costs	32,900,000	-
Total Load	60,186,500	32,255,200
Surplus/Deficit	-	-
OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE TOTAL INCOME	- 9,652,294	19,648,131

Table 5.2.4 Report on Changes in Net Assets of the Garuda Revolusi Foundation

Garuda Revolution Foundation Statement of Changes in Net Assets As of June 2024		
	Q2	Q1
UNRESTRICTED NET ASSETS FROM RESOURCE PROVIDERS		
Beginning balance	19,648,131	-
Surplus (Deficit) previous period		
Current period surplus (deficit)	- 9,652,294	19,648,131

Ending balance	9,995,837	19,648,131
NET ASSETS WITH RESOURCE PROVIDER RESTRICTIONS		
Beginning balance	-	-
Surplus (Deficit) previous period		
Current period surplus (deficit)	-	-
Ending balance	-	-

Table 5.2.5 Cash Flow Report of Garuda Revolusi Foundation

Garuda Revolution Foundation		
Cash Flow Statement		
As of June 2024		
	Q2	Q1
OPERATIONAL ACTIVITIES		
Cash from donations	5,029,706	39,744,800
Cash from Other Income	-	-
Operating costs	- 3,382,000	- 19,091,669
Cash paid to employees	- 11,300,000	- 1,005,000
<i>Net cash from operating activities</i>	- 9,652,294	19,648,131
INVESTMENT ACTIVITIES		
Purchase of equipment	-	- 5,080,721
Proceeds from sale of investments	-	-
Investment purchases	-	-
Net cash used for investing activities	-	- 5,080,721
FUNDING ACTIVITIES		
Receipts from donations are restricted to:		
Ramadan Activity Costs	- 22,147,500	- 32,255,200
Friday Blessing Activity Costs	- 2,906,000	-
Mosque cleaning activity costs	- 2,233,000	-
Eid al-Adha Activity Costs	-32,900,000	-
net cash used for financing activities	-60,186,500	- 32,255,200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-69,838,794	- 17,687,790
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	54,312,210	72,000,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	-15,526,584	54,312,210

Table 5.2.6 Notes to Financial Statements (CALK)

Garuda Revolution Foundation Notes to the Financial Statements As of June 2024	
NOTE A	
Notes on information related to the comprehensive income statement show income and expenses for the six months running in 2024. Income is obtained through donors through the Kitabisa.com application by classifying donations into two categories, namely donations without restrictions and donations with restrictions. Donations without restrictions are used to finance the foundation's operational activities, while donations with restrictions are specifically for breaking the fast together during the month of Ramadan, Friday Blessing activities, cleaning up the mosque and Eid al-Adha Qurban activities.	
NOTE B	
In the financial reporting period ending in June, the Garuda Revolusi Foundation had no liabilities. This shows that the foundation has no debts or obligations that must be paid to third parties, either in the form of short-term debt or long-term debt. The absence of liabilities reflects that the foundation has run its operations independently by relying on funding sources from donations, grants, or other income that does not create financial obligations. The foundation has been able to finance all its operational needs without having to borrow from external parties or create future payment commitments.	
NOTE C	
Income with restrictions from resource providers whose purpose or period is limited is as follows:	
Intended for a specific purpose	
Ramadhan Program Activities:	
Catering for Breaking the Fast Together	Rp. 28,080,000
Purchase of orphanage children's clothing	Rp. 9,083,000
Compensation and Prizes	Rp. 8,451,000
Consumption costs for orphanages and residents	Rp. 5,669,700
Ramadhan Collaboration Fee	Rp. 2,655,000
Transportation to orphanage	Rp. 335,000
Others	Rp. 109,000
TOTAL	Rp. 54,402,700
Friday Blessing Program Activities:	
Consumption	Rp. 906,000
Compensation of	Rp. 2,000,000
TOTAL	Rp. 2,906,000
Mosque Cleaning Program Activities:	
Purchase of Materials and Tools	Rp. 2,233,000
TOTAL	Rp. 2,233,000
Eid al-Adha Program Activities:	
Distribution of Qurban Animals for Communities in East Nusa Tenggara	Rp. 32,900,000
Total	Rp. 32,900,000

6. Conclusions, Implications, and Recommendations

6.1 Conclusion

- 1) The Garuda Revolusi Foundation is a new foundation and of course technically and some others do not yet have one. appropriate operational procedures or standards. Garuda Revolusi Foundation obtains funding sources only through online fundraising through the Kitabisa.com application. Meanwhile, for the foundation's cash expenditures, there are two account items, namely program activity expenditures and operational expenditures. Garuda Revolusi Foundation has not implemented Interpretation of Accounting Standard Number 35 as a reference format in preparing

financial reports but rather records finances using a *single entry method* and does not yet have an account number classification.

- 2) The researcher has proposed a classification of account numbers and created a foundation's financial report for the past six months in accordance with the ISAK 35 financial report format consisting of the Financial Position Report, Comprehensive Income Report, Net Asset Change Report, Cash Flow Report, and Notes to the Financial Statements (CALK).

6.2 Implications

- 1) Theoretical Implications

Research on the preparation of foundation financial statements can provide concrete input on how ISAK 35 is implemented in various types of foundations (for example, educational, social, or health foundations). Research findings can provide recommendations for improving standards in response to the specific needs of foundations with various funding sources, structures, and objectives.

- 2) Practical Implications

The results of this study are in the form of a financial report format based on ISAK 35. These results can be used as a long-term reference by foundation administrators in recording and managing finances transparently.

6.3 Recommendation

- 1) Further research is expected to expand the research object not only in financial reports based on ISAK 35, but also in the accounting cycle and other operational procedures of the foundation.
- 2) Further research is expected to further examine the application of ISAK 35 financial reports at the Garuda Revolusi Foundation and can further examine the accountability and transparency of the Garuda Revolusi Foundation.

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