
Presentation of Financial Statements of a Non-Profit-Oriented Entity at Khalifah Kindergarten Pondok Kelapa Based on ISAK 35

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Abstract

This study aims to analyze the implementation of non-profit accounting at Khalifah Kindergarten Pondok Kelapa for the fiscal year 2022 and to examine the presentation of its financial statements in accordance with ISAK 35 (Interpretation of Financial Accounting Standards No. 35). The research employs Khalifah Kindergarten Pondok Kelapa as the object of study. A descriptive qualitative approach was adopted, utilizing both primary and secondary data. Data collection techniques included interviews and documentation.

The findings indicate that the financial reporting practices of Khalifah Kindergarten Pondok Kelapa have not yet complied with ISAK 35. The institution's reporting system is limited to recording cash receipts and cash disbursements. Based on documentation and interviews conducted with the administrative staff, it was found that the kindergarten has not prepared financial statements in accordance with the prescribed accounting standards for non-profit entities. Therefore, this study reconstructs and presents the financial statements in conformity with ISAK 35.

Keywords: ISAK 35, Financial Statements, Non-Profit Organization

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1. Introduction

In Indonesia, organizations can generally be classified into two categories based on their objectives: profit-oriented (business) entities and non-profit-oriented entities. Business entities are established to generate profit through their operations and primarily serve private interests rather than public interests. In contrast, non-profit organizations prioritize the achievement of social objectives rather than profit maximization (Tinungki & Pusung, 2014). According to Hakim (as cited in Anggraini et al., 2023), types of non-profit organizations include healthcare institutions, social institutions, religious institutions, and educational institutions.

Educational institutions play a crucial role in national development, particularly in shaping the quality of human resources. These institutions encompass early childhood education centers such as playgroups and kindergartens, as well as primary schools, junior and senior high schools, and higher education institutions.

One educational institution located in East Jakarta and serving as the object of this research is Khalifah Kindergarten Pondok Kelapa. Established in 2015, the kindergarten currently serves 184 students and employs 30 teachers and staff members. According to information obtained from the administrative staff, Mr. Hendrik, the institution has experienced a consistent increase in student enrollment each year, resulting in the implementation of a waiting list system. The growth in the number of students, teachers, and staff has consequently

led to an increase in both revenues and expenditures. Therefore, sound financial management practices are essential for ensuring accountability and sustainability.

The Indonesian Institute of Accountants (IAI, 2019) previously regulated non-profit financial reporting under PSAK 45 (Statement of Financial Accounting Standards No. 45) concerning Financial Reporting for Non-Profit Organizations, effective since 1997. However, the Financial Accounting Standards Board (DSAK) revoked PSAK 45 and replaced it with ISAK 35 concerning the Presentation of Financial Statements of Non-Profit-Oriented Entities, which was ratified on September 26, 2018, and became effective on January 1, 2020. One notable change involves the terminology shift from “Nirlaba” (under PSAK 45) to “Nonlaba” (under ISAK 35).

Previous studies indicate that many educational non-profit institutions have not fully complied with applicable accounting standards. Rusmiatun and Sapari (2019) found that Yayasan Pendidikan Hidayatur Rohman did not implement PSAK 45, as its financial reporting was limited to cash inflow and outflow records. Similarly, Pratitha (2022) reported that TK Muslimat NU 8 Asshofiyah prepared simple financial reports consisting only of manually recorded receipts and expenditures without proper classification, thus failing to comply with PSAK 45.

These findings suggest that many non-profit educational organizations still do not prepare financial statements in accordance with generally accepted accounting standards. Furthermore, most prior studies refer to PSAK 45 rather than ISAK 35, which is currently effective. Consequently, these institutions may not provide sufficiently relevant and reliable financial information regarding their financial position and performance.

This study therefore analyzes the financial reporting practices of Khalifah Kindergarten Pondok Kelapa and reconstructs its financial statements in accordance with ISAK 35. It is expected that the institution will subsequently adopt financial reporting practices aligned with applicable Financial Accounting Standards (SAK), thereby enhancing transparency and supporting informed decision-making by stakeholders.

Non-Profit Organizations and Their Characteristics

A non-profit organization is an entity that does not operate with the primary objective of generating profit but instead focuses on providing services to the community (Fitri et al., 2023). Such organizations aim to deliver services in sectors such as healthcare, education, and social services (Mutihah & Ulupui, 2016).

According to IAI (2019), non-profit organizations possess several distinguishing characteristics:

1. Their resources are obtained from donors who do not expect repayment or economic benefits proportional to the resources provided.
2. They produce goods or services without the intention of accumulating profit.
3. Any surplus generated is not distributed to founders or stakeholders.
4. They do not have ownership interests similar to business entities; ownership cannot be sold, transferred, or redeemed, nor does it represent a claim on residual assets upon liquidation.

Non-Profit Accounting

Non-profit accounting is a branch of accounting that focuses on recording, processing, and reporting financial information for organizations that do not aim to generate profit (Mulyadi, 2018; Soepriyanto & Sembiring, 2019). It serves as a financial information system designed to ensure accountability, transparency, and stewardship of resources entrusted to non-profit entities.

Non-profit organizations have distinct characteristics, responsibilities, and financial reporting structures compared to business entities. Their financial reports emphasize accountability to donors, beneficiaries, and other stakeholders rather than profit performance.

Interpretation of Financial Accounting Standards (ISAK) 35

ISAK 35, ratified on September 26, 2018, governs the presentation of financial statements for non-profit-oriented entities, replacing PSAK 45 (Diviana et al., 2020).

Non-profit entities apply the relevant Financial Accounting Standards (SAK, SAK ETAP, or SAK EMKM) depending on their accountability level and users' needs. Entities applying SAK follow PSAK 1 on Presentation of Financial Statements, subject to specific modifications outlined in ISAK 35.

ISAK 35 allows entities to adopt financial statement titles and account names that better reflect non-profit characteristics, such as replacing "equity" with "net assets with donor restrictions" and "net assets without donor restrictions."

The required financial statements under ISAK 35 include:

- a. **Statement of Financial Position** (two presentation formats: Format A and Format B).
- b. **Statement of Comprehensive Income**, presenting revenues and expenses classified as with or without donor restrictions (also available in single-column or multi-column formats).
- c. **Statement of Changes in Net Assets**, presenting net assets with and without donor restrictions and other comprehensive income.
- d. **Statement of Cash Flows**, structured into operating, investing, and financing activities, consistent with PSAK 1.
- e. **Notes to Financial Statements**, disclosing accounting policies and other relevant information, with amounts typically presented in millions of Rupiah.

1. Research Methodology

This study employs a descriptive qualitative research design to analyze the financial reporting practices of Khalifah Kindergarten Pondok Kelapa for the 2022 fiscal year. The research was conducted at the institution located in Pondok Kelapa, East Jakarta, between September and December 2023. The study utilizes both primary and secondary data sources. Primary data were obtained through semi-structured interviews with the administrative staff responsible for financial management, while secondary data consisted of financial records and supporting documentation prepared by the institution during the 2022 reporting period.

Data were collected using documentation and interview techniques, focusing on identifying existing accounting practices and evaluating their conformity with ISAK 35. The analysis was carried out using a descriptive qualitative approach, involving systematic data reduction, categorization, and interpretation to assess the extent of compliance with applicable Financial Accounting Standards for non-profit entities. The findings were then used to reconstruct the financial statements in accordance with ISAK 35 to enhance accountability and transparency.

3. Results and Discussion

Implementation of Non-Profit Accounting at Khalifah Kindergarten Pondok Kelapa in 2022

The first research question concerns the implementation of non-profit accounting practices at Khalifah Kindergarten Pondok Kelapa, East Jakarta, for the fiscal year 2022. Financial statements serve as a primary communication medium through which an entity conveys relevant financial information to stakeholders. The information contained therein plays a crucial role in facilitating efficient and productive allocation of resources and supporting informed decision-making.

Based on the interview conducted with Mr. Hendrik, the administrative staff member responsible for financial management, the financial recording process remains simple and manual. The institution records cash inflows and outflows, which are later summarized using

Microsoft Excel. The reports prepared consist of monthly expense reports and revenue reports derived from tuition fees (SPP), initial enrollment fees (UP), and re-registration fees (DU). Furthermore, the institution has not prepared financial statements in accordance with applicable accounting standards due to limited understanding of ISAK 35.

These findings indicate that Khalifah Kindergarten Pondok Kelapa has not implemented financial reporting practices in accordance with ISAK 35. The accounting system remains limited to cash-based recording without proper classification into financial statement components as required under the standard.

Comparison Between Existing Practice and ISAK 35

Table 1. Comparison of Financial Reporting Practices with ISAK 35

No	Item	ISAK 35 Requirement	Current Practice at TK Khalifah	Remarks
1	Financial Reporting Standard	Financial statements prepared in accordance with ISAK 35	Simple cash receipts and disbursements reports	Not compliant with ISAK 35
		a. Statement of Financial Position		
		b. Statement of Comprehensive Income	a. Cash Receipts Report	Not compliant; reporting limited to cash inflows and outflows
2	Components of Financial Statements	c. Statement of Changes in Net Assets	b. Cash Disbursements Report	
		d. Statement of Cash Flows		
		e. Notes to Financial Statements		

Source: Processed by the researcher (2023)

The comparison clearly demonstrates that the institution's reporting framework does not yet meet the structural and disclosure requirements stipulated under ISAK 35.

Presentation of Financial Statements Based on ISAK 35

The researcher reconstructed the financial statements of Khalifah Kindergarten Pondok Kelapa for the year ended 31 December 2022 in accordance with ISAK 35.

1. Statement of Financial Position

Table 2. Statement of Financial Position
Khalifah Kindergarten Pondok Kelapa
As of 31 December 2022 (in IDR)

Assets	Amount (IDR)
Current Assets	
Cash and Cash Equivalents	1,281,621,292
Total Current Assets	1,281,621,292
Non-Current Assets	
Equipment	37,550,000
Accumulated Depreciation	(4,693,750)
Total Non-Current Assets	32,856,250
Total Assets	1,314,477,542
Liabilities and Net Assets	
Liabilities	
Short-Term Liabilities	-
Long-Term Liabilities	-
Total Liabilities	-

Liabilities and Net Assets	Amount (IDR)
Net Assets	
Net Assets Without Donor Restrictions	1,314,477,542
Net Assets With Donor Restrictions	-
Total Net Assets	1,314,477,542
Total Liabilities and Net Assets	1,314,477,542

Source: Processed by the researcher (2023)

2. Statement of Comprehensive Income

Table 3. Statement of Comprehensive Income
For the Year Ended 31 December 2022 (in IDR)
Without Donor Restrictions

Description	Amount (IDR)
Tuition, Enrollment, and Re-registration Revenue	3,108,000,000
Total Revenue	3,108,000,000

Expenses	Amount (IDR)
Salaries and Wages	1,447,550,000
Holiday Allowance	24,000,000
Depreciation Expense	4,693,750
Supplies Expense	254,654,899
Transportation Expense	2,386,000
Field Maintenance Services	3,296,000
Service Expense	6,054,800
Consumption Expense	5,023,253
Advertising Expense	4,719,500
Rent Expense	743,000
Utilities (Water, Electricity, Internet)	40,401,256
Total Expenses	1,793,522,458

Surplus Without Restrictions: 1,314,477,542

With Donor Restrictions

No restricted revenue or expenses were recorded.

Total Comprehensive Income: 1,314,477,542

Source: Processed by the researcher (2023)

3. Statement of Changes in Net Assets

Table 4. Statement of Changes in Net Assets

For the Year Ended 31 December 2022 (in IDR)

Description	Without Restrictions	With Restrictions	Total
Beginning Balance	-	-	-
Surplus for the Year	1,314,477,542	-	1,314,477,542
Other Comprehensive Income	-	-	-
Ending Balance	1,314,477,542	-	1,314,477,542

Source: Processed by the researcher (2023)

4. Statement of Cash Flows

Table 5. Statement of Cash Flows
For the Year Ended 31 December 2022 (in IDR)

Description	Amount (IDR)
Operating Activities	
Cash Receipts from Tuition and Fees	3,108,000,000
Cash Payments for Operating Expenses	(1,793,522,458)
Net Cash from Operating Activities	1,314,477,542
Investing Activities	
Purchase of Equipment	(37,550,000)
Net Cash from Investing Activities	(37,550,000)
Net Increase in Cash	1,276,927,542
Beginning Cash Balance	-
Ending Cash Balance	1,281,621,292

Source: Processed by the researcher (2023)

5. Notes to the Financial Statements

The institution previously did not prepare Notes to the Financial Statements. Under ISAK 35, notes should disclose accounting policies, revenue recognition methods, asset classification, depreciation policies, and other relevant information.

Accounting Policies

The reconstructed financial statements have been prepared in accordance with ISAK 35 concerning the Presentation of Financial Statements of Non-Profit-Oriented Entities.

Revenue and Expense Recognition

Revenue is recognized upon receipt of tuition fees (SPP), enrollment fees (UP), and re-registration fees (DU). Expenses are recognized when incurred and supported by transaction documentation.

Net Assets

Net assets are classified into net assets without donor restrictions and net assets with donor restrictions. During the reporting period, all revenues were classified as without donor restrictions.

4. Conclusion

Based on the findings, it can be concluded that:

- The accounting process at Khalifah Kindergarten Pondok Kelapa remains simple and limited to recording cash inflows and outflows using Microsoft Excel.
- All cash receipts are derived from tuition fees, enrollment fees, and re-registration fees, while cash disbursements are used for salaries, equipment purchases, utilities, and educational supplies.
- The institution has not implemented financial reporting in accordance with ISAK 35.
- The researcher reconstructed the financial statements in compliance with ISAK 35, including the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets, Statement of Cash Flows, and Notes to the Financial Statements for the year ended 31 December 2022.

Implications

Theoretical Implication:

This study contributes to the literature on non-profit financial reporting and may serve as a reference for future research examining the implementation of ISAK 35 in educational institutions.

Practical Implication:

The findings provide practical guidance for Khalifah Kindergarten to adopt financial reporting practices consistent with ISAK 35 and support the Indonesian Institute of Accountants (IAI) in evaluating the effectiveness of ISAK 35 implementation in non-profit educational entities.

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