

## ANALYSIS OF THE IMPLEMENTATION OF FINANCIAL STATEMENT PREPARATION AT MTS.ALWASLIYAH KUALA SILO BESTARI CITY OF TANJUNG BALAI BASED ON INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (ISAK 35)

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### Abstract

Applying principles to madrasa financial management accounting is one way to make madrasas clean, independent and free from acts of corruption and can improve the development and welfare of the madrasa itself. Financial management based on the Interpretation of Financial Accounting Standards (ISAK 35) is to assist in the preparation of financial reports with a non-profit identity so that the financial report results meet the information needs of financial report users. The aim of this research is to find out whether Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City has implemented reports in accordance with ISAK 35. This research technique is qualitative. The data collection techniques used were interviews, observation and documentation. The data analysis method was carried out using descriptive qualitative, namely data reduction, data presentation and conclusions. The results of this research explain that Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City has not implemented the Interpretation of Financial Accounting Standards (ISAK) 35 which should be carried out by non-profit oriented entities. The recording carried out is still very simple, only reporting cash in and cash out. Because of this, improvements were made to the financial reports in accordance with the provisions of ISAK 35.

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### INTRODUCTION

A non-profit organization is an organization whose main focus is providing services to the community without any intention of making a profit, in contrast to business organizations whose main goal is making a profit. Financial reports are not only made by profit-oriented organizations, non-profit organizations also need financial reports to understand the organization's activities in one period and the organization's ability to provide services, distribute funds and other social activities to those in need.(Aryan 2021). A non-profit organization (non-profit), also called a non-profit oriented organization, is an organization whose main purpose of being founded is not solely to make a profit. Non-profit organizations exist to bring about change in individuals or communities. Non-profit organizations make human resources their most valuable asset, because all the activities of this organization are basically for humans(Anggraini et al. 2023)

Mts Al-wasliyah Kuala Silo Bestari is an example of a non-profit organization in the education sector. In Islam, a madrasa is a school that is guided by the Islamic religion in terms of teaching and learning. This madrasah is a level higher than Madrasah Ibtidaiyah (SD). As a non-profit organization, madrasahs receive funds in the form of fees paid by students every month. Mts Alwasliyah Kuala Silo Bestari originally only had a few students studying there and only children from the area around the madrasa. However, as it develops, the number of students is increasing, not only from one village but also from other villages. The principle of madrasah is to provide Islamic religious learning to its students by providing the best possible service.

A financial report (Financial Statement) is a report that describes the responsibilities of a company or manager with its owner or other parties which provides information about assets, liabilities, equity, income and costs that occur in one accounting period so that interested parties are informed. The financial report will be able to take action in making a decision. Financial reports consist of;

1. Balance sheet or financial position report (Balance Sheet / Statement of Financial Position)
2. Income Statement (Income Statement)
3. Report on changes in equity (Equity Statement)
4. Statement of cash flows
5. Notes to financial statements (Notes of financial statements)(Lubis Arinda Wahyuni 2018)

In non-profit organizations there tends to be no absolute ownership of the organization, because usually these non-profit organizations are founded by several people or groups. Capital to establish this non-profit organization can also be obtained through debt. Meanwhile, operational needs can be obtained from income or services provided. However, this results in measuring the amount and certainty of cash inflows becoming an important measure for users of the madrasah's financial reports.

In ISAK 35 concerning the presentation of financial reports for non-profit oriented entities, it explains that there are five financial reports available for non-profit entities that adapt to the characteristics of the entity, namely the financial position report, comprehensive income report, report on changes in net assets, cash flow report, and notes to financial reports. Previously, ISAK 35 was issued in order to provide guidance to non-profit entities in presenting financial reports, where the issuance process coincided with the revocation process of PSAK 45, ISAK 35 was ratified on April 11 2019 and became effective on January 1 2020(Lubis, Nasution, and ... 2023)

Based on the results of an interview with the Treasurer of Mts Alwasliyah Kuala Silo Bestari, the following is his statement:

"For all transactions in the financial reports of Mts Alwasliyah Kuala Silo Bestari, everything is still done very simply and manually. Which only records cash in and cash out, which is not done properly, let alone using a system like financial reporting in general for non-profit entities, namely the ISAK 35 concept. So far this has not been implemented because Mts Alwasliyah Kuala Silo Bestari does not feel it is necessary , and manual calculations"

Based on this statement, it shows that Mts Alwasliyah Kuala Silo Bestari still has not presented financial reports in accordance with the ISAK 35 concept. For information, the main target of non-profit entity financial reports is to provide relevant information to meet the interests of donors, organizational members, creditors and other parties who provide resources for non-profit organizations. Users of non-profit organization financial reports have a common interest. So it is very necessary to understand the applicable financial reporting concepts, which can be used as a guide in preparing and presenting financial reports for a non-profit entity.

In this case, the income and expenditure report at Mts Alwasliyah Kuala Silo Bestari for 2022 is as follows:

Information	Nominal Entry Fee	Total
Infaq which should be received in 2021/2022		IDR 40,560,000
Details of Monthly Infaq:		
June	Rp. 3,380,000	
July	Rp. 3,940,000	
August	Rp. 1,280,000	
September	Rp. 1,560,000	
October	Rp. 1,060,000	
November	Rp. 3,980,000	
December	Rp. 3,900,000	
January	Rp. 1,080,000	
February	Rp. 620,000	
March	Rp. 4,620,000	
April	Rp. 8,080,000	
Total entrance fee		Rp. 33,500,000
Infaq Receivables 2022/2023		Rp. 7,060,000

Total cash received from infaq:

Infaq Receivables and Student Administration for the 2022/2023 academic year	Rp. 1,850,000
Total infaq entered	Rp. 33,500,000
<b>Total</b>	<b>Rp. 35,350,000</b>

Previous research has the following results, which can be used as a reference or as a comparison in this research, research conducted by Sri Nelva Susanti (2020) entitled Analysis of the Implementation of ISAK No. 35 Regarding the Financial Report of the MTS Al-Manar Foundation, Pujud District, Rokan Hilir Regency for the 2018-2019 Period, it is stated that the basis for recording applied is using the cash basis. This means that the flow of cash in and cash out or income received as well as cash receipts and costs when transactions are carried out when the cash is actually paid out, and in it only shows the report of financial position so the information is not accurate, the accounting process is not in accordance with the accounting cycle which is correct because the foundation only records it in the general cash book and does not make a cash receipts journal, does not post it to the general ledger, the balance list and adjustment journal and the financial reports presented by the foundation are not in accordance with ISAK No. 35 concerning non-profit financial reports, because foundations only make financial position reports and other reports have not been made so that the components of the financial reports made by foundations are not complete. Nofi Lasfita and Muslimin (2020) entitled Analysis of the Implementation of ISAK No. 35 The Religious Organization of the Al-Mabrur Sukolilo

Surabaya Mosque stated that, the management and recording of mosque finances is still simple, which is still limited to recording the mosque's income and expenditure, the mosque still has not implemented the preparation of financial reports in accordance with ISAK No. 35 because when preparing financial reports in mosques it only refers to the mosque's financial reports in general and the revenue system obtained by the mosque is obtained from Friday infaq, Eid al-Fitr infaq, Eid al-Adha infaq, donor infaq and others. Lailatul Fitriyah (2016) entitled Implementation of PSAK No. 45 in the Non-Profit

Organization Al-Iman Wuluhan Jember Orphanage Foundation stated that in this orphanage it turns out that they only make financial reports in the form of income and expenses, they do not record financial reports in accordance with PSAK 45 by Therefore, the researcher constructs financial reports that are in accordance with PSAK 45, namely the presentation of financial reports resulting in a financial position report, activity report, report on changes in net assets, cash flow report and notes to the 2015 financial report in accordance with the provisions of PSAK No. 45. In the report on changes in net assets, the foundation experienced an increase in net assets and in the cash flow report there was a surplus. Afifah and Faturrahman (2021), entitled Analysis of the implementation of financial management accountability according to the ISAK 35 accounting standard at the An-Nahl Bintan Foundation, stated that they obtained results that the financial reports of the An-Nahl Foundation had not implemented the ISAK No. accounting standard. 35. However, if it is related to the application of financial reports that have been processed using ISAK 35, these financial reports can be applied in the financial reports of the An-Nahl Foundation. Ula, M Halim and Nesti (2021) entitled Application of ISAK 35 at Majid Baitul Hidayah Puger Jember stated that the results obtained were that the preparation of financial reports carried out so far by the Al Husna Orphanage was very simple. In this study, researchers had the opportunity to prepare financial reports based on ISAK 35 concerning financial reports of non-profit organizations. Abidin & Rahma (2020), entitled Socialization of the Implementation of Isak 35 in Presenting Financial Reports to Alaulia Mosque Management, stated that the public still considers the preparation of financial reports as commercialization of places of worship. However, preparing financial reports for places of worship such as mosques does not mean that places of worship are equated with businesses.

In the research that will be carried out by researchers, there are differences with previous research, namely in the research object which will be aimed at Mts al-Wasliyah Kuala Silo Bestari, Tanjung Balai City. Based on a study of previous research, the similarities and differences with this research as a whole are the similarities between past and present research, namely the data analysis method used is descriptive qualitative and the aim of the research is to determine the application of reports in accordance with ISAK 35. And the topic taken is analysis application of financial report preparation and data collection techniques carried out by observation, interviews and documentation. The difference lies in the time and location of the research as well as the research object.

Meanwhile, the similarity with previous research is the discussion regarding financial reporting guidelines for non-profit oriented organizations based on ISAK 35.

The contribution of this research is that the results of this research can provide information as a basis for consideration, support and contribution of thought to decision makers in the management of Mts Al-wasliyah Kuala Silo Bestari and can improve the development of the madrasah's financial reports. In sharia-based matters we look at various historical evidence and from the Koran. As stated by Allah SWT in the Al-Qur'an, Surah Al - Baqarah: 282, it explains the provisions when there is a transaction which means you have to record it carefully and there are many things that must be paid attention to in bookkeeping both in terms of amount and time. , recording whose main emphasis is the goal of truth, certainty, openness and justice.

*Based on the background explained above, the researcher is interested in conducting the research entitled Analysis of the Application of Preparing Financial Reports at Mts. Alwasliyah Kuala Silo Bestari, Tanjung Balai City based on the interpretation of financial accounting standards (ISAK 35).*

### **Non-Profit Organizations**

According to (Indonesian Institute of Accountants, 2018) in ISAK No. 35 it is stated that "Non-profit organizations obtain resources from resource providers who do not expect repayment or economic benefits proportional to the amount of resources provided." Meanwhile, according to other sources A non-profit organization is an organization, independent institution or group of people who commit themselves to engage in social services to serve the public interest which does not seek profit (non-profit) and the management carried out applies laws and management with sharia principles.(Khoiri 2018).

### **Financial statements**

#### 1. Understanding Financial Reports

Financial reports are the final result of the accounting process, financial reports will be used by interested parties, both internal and external parties as a basis for making certain decisions(Qoyum, Rahmani, and Syahriza 2023). Another definition of financial report according to Zaki Baridwan (1997:17) is a report that contains a summary of a recording process or is a summary of financial transactions that occurred during the financial year in question. Financial reports are reports that show the company's current financial condition or in a certain period (Kasmir, 2019). Apart from that, this financial report is also the final result of the accounting cycle. The purpose of making financial reports is to provide information regarding the financial performance and cash flows of an entity that is useful for most users of financial reports in making economic decisions. Financial reports also show the results of management's accountability for the use of the resources entrusted to them(Siregar and Inayah 2023)

#### 2. Types of Financial Reports

Financial reports consist of:

a. Income statement

The income statement is a report that contains a collection of income accounts and expense accounts. From this report it will be known whether the company made a profit or experienced a loss. Profit or loss is determined by comparing the amount of income with the amount of expenses. If the amount of income is greater than the amount of expenses, then a profit is obtained, conversely if the amount of expenses is greater than the amount of income, then the company experiences a loss.

b. Statement of changes in capital

The capital changes report is a report that provides information about changes in capital in the company.

c. Balance Sheet

The balance sheet is a report that describes the company's financial position at a certain time. The components included in the balance sheet are asset (asset), liability (debt) and capital account balances.

d. Cash flow

The cash flow report contains information on the sources and uses of the company's cash during a certain period, for example one month or one year.

e. Notes to financial reports

The contents of this note are a general explanation about the company, the accounting policies adopted, and an explanation of each balance sheet and profit and loss account (Yatti and Ak nd)

### **Interpretation of Financial Accounting Standards (ISAK) No. 35**

Accounting is a business and information system in one language that measures, processes, reports and communicates results for decision making (Solin 2023) The Indonesian Accountants Association (IAI) stated that the 2010 revision of Financial Accounting Standards 45 (PSAK 45), which was approved by the Financial Accounting Standards Board on April 18 2011, which discusses the presentation of financial reports for non-profit entities, has been revoked. On April 11 2019, the Financial Accounting Standards Board of the Indonesian Accountants Association (DSAK IAI) then ratified the Interpretation of Financial Accounting Standards (ISAK) 35 (Financial Accounting Standards Board 2018)

ISAK 35 regulates the presentation of financial statements of non-profit oriented entities and is effective on January 1 2020. ISAK 35 issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) is an interpretation of PSAK 1: Presentation of Financial Statements paragraph 05 which provides an example of how non-profit oriented entities make adjustments either: (i) adjustments to the descriptions used for certain items in the financial statements; and (ii) adjustments to the description used for the financial statements themselves.

#### Scope of ISAK 35:

According to (Indonesian Association of Accountants, 2018) the scope of ISAK

35 objects is as follows:

- a) Non-profit companies regardless of legal form
- b) Also used by companies that implement SAKETAP
- c) ISAK 35 only regulates the presentation of annual financial reports, so other accounting regulations implemented by non-profit companies that apply to each SAK or SAKETAP are relevant in each case (Media, Use, and Islam 2022)

### RESEARCH METHODS

This panel research method uses a qualitative descriptive method. Data collection techniques used observation and interview methods, where direct interviews were conducted with the school and teachers, followed by direct observation at the school and documentation of all activities at the Mts S. Alwashliyah Kuala Silo Bestari school. The data sources used are primary and secondary data, where the primary data was collected by the researcher himself from direct interviews with the madrasah treasurer. Meanwhile, secondary data can be obtained from books and scientific articles.

### RESULTS AND DISCUSSION

#### Research result

Based on interviews with the Head of Madrasah, Head of Administration, Treasurer of Mts. S. Alwasliyah Kuala Silo Bestari Tanjung Balai City, the management report and financial report notes applied are simple. Financial reports at the Mts foundation. S. Alwalyah Kuala Silo Bestari Tanjung Balai City only makes financial reports which only contain cash in and cash out as follows:

**Table 1 Financial Report of Mts. S. Alwalyah Kuala Silo Bestari Tanjung Balai City FY.2021/2022**

MONTH	DESCRIPTION	D	K
JUNE	Remaining balance for FY 2021/2022	33,070,500	
	IMPORTATION EXPENDITURE	3,650,000	5,696,000
JULY	IMPORTATION EXPENDITURE	10,946,000	2,296,000
	IMPORTATION EXPENDITURE	1,608,000	2,043,000
SEPTEMBER	IMPORTATION EXPENDITURE	1,834,000	1,795,000
	IMPORTATION	1,123,000	



	EXPENDITURE		1,753,000
NOVEMBER	IMPORTATION	8,123,000	
	EXPENDITURE		17,502,000
DECEMBER	IMPORTATION	4,033,000	
	EXPENDITURE		1,966,000
JANUARY	IMPORTATION	1,080,000	
	EXPENDITURE		2,036,000
FEBRUARY	IMPORTATION	620,000	
	EXPENDITURE		1,880,000
MARCH	IMPORTATION	17,292,000	
	EXPENDITURE		3,763,000
APRIL	IMPORTATION	8,080,000	
	EXPENDITURE		3,659,000
TOTAL		91,459,500	44,389,000
		47,070,500	

Based on the primary data collected, the reconstruction for the financial report of Mts Al-Wasliyah Kuala Silo Bestari is as follows:

1. Reconstruct the Comprehensive Income Statement

**Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City**

**Comprehensive Income Report**

**2021/2022 Academic Year**

Without Limitations from Resource Providers

Student Fee Income	R 35,350,000	
	p	
Total income		R 35,350,000
		p
Burdens		
Load without limiter		
Honor fees for Ustadz and Ustadzah	R 19,320,000	
	p	
Honor fees for cleaning staff	R 1,100,000	
	p	
Madrasa operator honorarium expenses	R 550,000	
	p	

Transportation expenses	R	210,000	
	p		
Building repair expenses	R	10,190,000	
	p		
Building repair labor costs	R	3,430,000	
	p		
Printing and photocopying expenses	R	562,000	
	p		
Equipment Expenses	R	376,000	
	p		
Consumption expenses	R	443,000	
	p		
Other expenses	R	491,000	
	p		
Total load			R 36,672,000
			p
<b>(Deficit)</b>			<b>( 1,322,000)</b>
			<b>R</b>
			<b>p</b>
With restrictions from resource providers			
Class IV exam income	R	10,560,000	
	p		
Exam income for class I, II, III semester II	R	2,040,000	
	p		
Income for class II, III and IV semester I exams	R	1,860,000	
	p		
Class I administrative income	R	2,250,000	
	p		
New student registration income	R	1,800,000	
	p		
Uniform income	R	4,529,000	
	p		
Total income			R 23,039,000
			p
Burdens			
Load of photos of class I report cards and class IV diplomas	R	790,000	
	p		
Report load for class I students	R	430,000	
	p		

Semester I exam load	R	1,057,000	
	p		
Exam load for class I, II, III semester II and administration of class IV exams	R	1,450,000	
	p		
Uniform purchasing expenses	R	3,540,000	
	p		
<hr/>			
Mutual cooperation funds	R	450,000	
	p		
Total load			R 7,717,000
			p
<b>Surplus</b>			<b>R 15,322,00</b>
			<b>p 0</b>
<b>Surplus for the current year</b>			<b>R 14,000,00</b>
			<b>p 0</b>

Source: Processed data, 2023

## 2. Reconstruct the Report on Changes in Net Assets

### Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City

#### Net Asset Change Report 2021/2022 Academic Year

##### Net Assets Without Restrictions

Beginning balance	Rp	-
Current year deficit	(R	1,322,000)
Net assets that are exempt from restrictions	p	-
	Rp	
Ending balance	(Rp	1,322,000)
Other comprehensive income	Rp	-
Net assets with restrictions		
Beginning balance	Rp	-
Surplus for the current year	Rp	15,322,000
Net assets that are exempt from restrictions	Rp	-
Ending balance	Rp	15,322,000

Source: Processed data, 2023

### 1. Financial Position Report

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Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City

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Financial Position Report  
2021/2022 Academic Year

ASSET

Current assets

Cash and cash equivalents	Rp	17,403,500
Equipment	Rp	376,000
Student infaq receivables	Rp	7,060,000
short term investment	Rp	-

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Source: Processed data, 2023

Other current assets	Rp	-
Total current assets	Rp	24,839,500
Non-current assets		
Investment property	Rp	-
Long term investment	Rp	-
Fixed assets	Rp	-
Total non-current assets	Rp	-
Total assets	Rp	24,839,500
<b>LIABILITIES</b>		
Short-term liabilities		
Prepaid income	Rp	-
Short term debt	Rp	-
Total short-term liabilities	Rp	-
Long term liabilities	Rp	-
Long-term debt	Rp	-
Total long-term liabilities	Rp	-
Total liabilities	Rp	-
<b>NET ASSETS</b>		
Without restrictions (without restrictions) from resource providers	-Rp	1,322,000
With restrictions (with restrictions) from resource providers	Rp	15,322,000
Total net assets	Rp	14,000,000
<b>Total liabilities and net assets</b>	Rp	14,000,000

### 2. Cash flow statement

**Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City**

### Cash flow statement

Academic Year 2022/2023

Operational Activities

Cash from student fees Rp. 35,350,000

Interest received

Miscellaneous receipts

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Interest paid

Cash paid to Ustadz and Ustadzah ( 19,320,000)

Cash paid to officers R  
p 1,100,000)

(

R

p

Cleanliness

Cash paid to operators ( 550,000)

R

p

Madrasah

Printing and photocopying costs ( 562,000)

R

p

Equipment costs

( 376,000)

R

p

Miscellaneous expense

( 491,000)

R

p

Net cash from operating activities

R 12,951,000

p

Investment Activities

Funding Activities

Cash from student administration	IDR 23,039,000	
Other funding activities		
Transportation costs	( 210,000)	
	R	
	P	
Madrasah building repair costs	( 10,190,000)	
	R	
	P	
Building repair labor costs	( 3,430,000)	
	R	
	P	
Cost of purchasing uniforms	( 3,540,000)	
	R	
	P	
Consumption costs	( 443,000)	
	R	
	P	
Class I student report fee	( 430,000)	
	R	
	P	
Load of photos of class I report cards and class IV diplomas	( 790,000)	
	R	
	P	
Semester I exam fees to Tegal Regency Ministry of Religion	( 1,057,000)	
	R	
Second semester exam fees and final exam fees	p 1,450,000)	
	(	
	R	
	P	
class IV Mutual cooperation funds	( 450,000)	
	R	
	P	
Net cash used for financing activities		R 1,049,000
Total net assets		P
		<b>14,000,000</b>
		<b>R</b>
		<b>P</b>
cash and cash equivalents at the beginning		R 31,403,500

of the period	p
cash and cash equivalents at the end of the period	R 17,403,500
	p

Source: Processed data, 2023

### 3. Notes to Financial Reports (CALK)

#### Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City

#### Notes to Financial Reports (CALK)

##### Academic Year 2022/2023

##### 1. General

Private Alwashliyah Tsanawiyah Madrasas are schools outside of formal schools that provide religion-based education at a higher level than Ibtidaiyah madrasas under the auspices of the Ministry of Religion.

##### 2. Accounting Policies

Basis for preparing financial reports

The report was prepared using the Interpretation of Financial Accounting Standards (ISAK) 35 guidelines.

Financial reports according to ISAK 35 present: (1) Financial Position Report; (2) Comprehensive Income Report; (3) Report on Changes in Net Assets; (4) Cash Flow Statement; (5) Notes to Financial Reports.

Financial reports according to ISAK 35 present net assets divided into 2 (two), namely (1) With Limitations and (2) Without Limitations.

Net assets with restrictions are net assets whose use is limited by the resource provider. Net assets without restrictions are net assets whose use is not limited by resource provider.

After the implementation of ISAK 35 concerning financial reporting of non-profit oriented entities at Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City, the general discussion is:

Before the Implementation of ISAK 35	After the Implementation of ISAK 35
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Cash Inflow Report	Net Asset Income Report
	Financial Position Report
	Cash flow statement
	Notes to Financial Reports

Source: Processed data, 2023



## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

1. Financial recording carried out by Mts. Alwashliyah Kuala Silo Bestari, Tanjung Balai City is still very simple, limited to recording cash receipts and disbursements, where the financial reports of Mts Al-Wasliyah Kuala Silo Bestari are still not in accordance with existing financial reporting standards.
2. Mts Al-Wasliyah Kuala Silo Bestari still has not implemented ISAK 35, where financial reports should consist of: comprehensive change report, net asset change report, financial position report, cash flow report, and notes to financial reports.

### Suggestion

1. For madrasah administrators with ISAK 35, Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City, in preparing the report, it is best to use reference to the generally accepted rules, namely ISAK 35, where the explanation process is regarding the presentation of financial reports of non-profit oriented entities in order to obtain financial reports that are more relevant and easy to understand by readers of the financial reports.
2. For Mts. S. Alwashliyah Kuala Silo Bestari Tanjung Balai City, it is best to continue recording financial reports that have been modeled by researchers in accordance with ISAK 35 for subsequent years so that the presentation of financial reports is easy to understand.

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