

**ANALYSIS OF FINANCIAL REPORT PREPARATION BASED ON ISAK 35:  
A CASE STUDY OF SIRAJUL HUDA ISLAMIC BOARDING SCHOOL,  
TIGABINANGA DISTRICT, KARO REGENCY**

**Nur Azizah<sup>1</sup>**

**Universitas Islam Negeri Sumatera Utara, Medan, Indonesia**

**[nurazizah170822@gmail.com](mailto:nurazizah170822@gmail.com)**



**Nurul Jannah<sup>2</sup>**

**Universitas Islam Negeri Sumatera Utara, Medan, Indonesia**

**[nuruljannah@uinsu.ac.id](mailto:nuruljannah@uinsu.ac.id)**

**Laylan Syafina<sup>3</sup>**

**Universitas Islam Negeri Sumatera Utara, Medan, Indonesia**

**[laylansyafina@uinsu.ac.id](mailto:laylansyafina@uinsu.ac.id)**

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**Abstract**

This study aims to analyze the implementation of ISAK 35 standards in the financial reporting of Pondok Pesantren Sirajul Huda located in Tigabinanga District, Karo Regency. A qualitative descriptive approach was used to identify the challenges and practical solutions faced by the pesantren in adopting the standard. The results indicate that the financial recording system is still manual and does not comply with the standards, mainly due to the limited understanding of accounting standards among the management and the lack of regular training. Recommendations include improving accounting literacy through training, implementing application-based recording systems, and preparing structured financial statements in accordance with ISAK 35. It is expected that the findings of this study can serve as a reference for other Islamic boarding schools in enhancing the quality of financial reporting and promoting transparency in sharia-based financial management.

**Keywords:** ISAK 35, Financial Reporting, Islamic Boarding

## INTRODUCTION

Islamic boarding schools (pesantren) are among the oldest Islamic educational institutions in Indonesia. Initially, they existed as traditional institutions focused on deepening Islamic religious knowledge as a guide to life (tafaqquh fi al-din), emphasizing the importance of morality in life (Hasibuan et al., nd) . Over time, the development of Islamic boarding schools in Indonesia has shown significant growth, marked by the increasing number of Islamic boarding schools being established, both in large cities and in remote villages. The presence of Islamic boarding schools across the archipelago not only expands access to Islamic education but also makes a significant contribution to educational development (Nurkholis & Hendarmin, 2022) .

As Islamic boarding schools (pesantren) play an increasing role as educational and social institutions, it is crucial for each pesantren to maintain and properly record its assets and financial activities. The recording and bookkeeping process is a crucial initial step in any accounting system, as it allows for the monitoring and management of every transaction that increases or decreases wealth. This also aligns with Islamic teachings in Surah Al-Baqarah, verse 282, which emphasizes the importance of recording every transaction, including debts and sales, as a form of responsibility and transparency (Silmi Mursidah et al., 2023) .

In the context of educational institutions, financial reporting plays a crucial role in presenting the institution's overall activities, including its units and the economic resources they manage. This reporting aims to meet the principles of accountability and transparency and serves as a basis for effective planning, management, and control of educational institution finances (Siregar et al., 2023) .

Bank Indonesia, in collaboration with the Indonesian Institute of Accountants (IAI), a professional financial institution, has developed accounting guidelines for Islamic boarding schools that can be effectively implemented as of May 2018. These standards refer to the ETAP Financial Accounting Standards (SAK ETAP) with the aim of facilitating Islamic boarding schools' bookkeeping and improving their financial performance. The ETAP SAK, which will be replaced by the Private Entity SAK (EP) in 2025 and is permitted to be implemented earlier, will make Islamic entities sharia-compliant. This has prompted Islamic boarding schools to consider what the future accounting guidelines for Islamic boarding schools should look like (Listiyowati, 2021) . For the implementation of Islamic boarding school social transactions, Islamic SAK can be applied and commercial transactions can use ISAK 35 concerning "presentation of financial statements of non-profit-oriented entities", which replaces the previous PSAK, namely PSAK 45 concerning "Financial Reporting of Non-Profit Entities" this non-profit entity is reporting and presenting financial activities in accordance with the standards in the provisions (DSAK) from 1997 no. 45 in the Financial Accounting Statement (PSAK) as of January 1, 2020 (Rezeki et al., 2023) . In ISAK 35 there are financial reports generated from the accounting cycle of entities that are not profit-oriented, namely the statement of financial position, statement of comprehensive income, statement of changes in net assets, cash flow statement, and notes to the financial statements (Awalia et al., 2023) .

The implementation of ISAK 35 and Islamic Boarding School Accounting Guidelines is still very limited, especially among Islamic boarding schools in rural areas. Various previous studies such as (Amjadalah Alfie & Prasetyo Aji Triyoga, n.d.) show that many Islamic boarding schools still use simple or manual recording systems, and their financial

reports are limited to recording cash inflows and outflows , as well as a minimal understanding of PAP and ISAK 35. (Kirowati, 2021) in his research showed that Islamic boarding schools have not recorded all assets adequately, do not allocate depreciation expenses and have limited understanding and resources. And other studies such as (Suryadi et al., n.d.) show that the financial reports of the Islamic boarding schools studied are not fully in accordance with sharia accounting principles and the provisions of ISAK 35, the recording used is *a single entry with a cash basis method* . (Siregar et al., 2023) in their research found that Islamic Boarding Schools only prepare simple reports in the form of cash inflow and outflow records, without including financial position reports, changes in net assets, cash flows, or notes to financial statements according to ISAK 35. And in the study (Anugrah & Suantha, 2024) that Islamic boarding school financial records are still traditional and limited to reports of infaq and student contributions, making it difficult to describe the overall condition of assets. A similar thing was also found at the Sirajul Huda Islamic Boarding School located in Tigabinanga District, Karo Regency.

Based on initial observations and preliminary studies, the researcher asked the treasurer of the Islamic boarding school, Ustazah Syahri Tarigan, it was found that this Islamic boarding school still prepares financial reports manually and has not referred to the principles of ISAK 35. The reports prepared are only in the form of simple bookkeeping, not including reports of financial position, comprehensive income, or cash flow reports systematically (Tarigan, 2025) . This situation certainly poses an obstacle to creating transparency, accountability, and effectiveness in Islamic boarding school financial management, particularly in responding to regulatory demands and public expectations. This situation indicates a gap between existing guidelines and actual practice, particularly in Islamic boarding schools in rural areas. Therefore, this study aims to analyze the extent to which financial reporting at Sirajul Huda Islamic Boarding School complies with ISAK 35, as well as to identify obstacles and possible implementation solutions. Unlike previous studies that were only descriptive or limited to financial report reconstruction, this study seeks to present novelty *through* an in-depth analysis of the readiness, obstacles, and recommendations for preparing financial reports that have been prepared by the researcher in accordance with ISAK 35. This study is expected to serve as a reference for other Islamic boarding schools with limited resources, as well as for relevant authorities in encouraging the more equitable implementation of Sharia-based accounting standards.

## REVIEW OF LITERATURE

### Financial Statements

Financial statements represent management's accountability for the use of resources entrusted to an entity. One of the objectives of financial statements is to provide information about an entity's financial position, performance, and cash flows that is useful to most users in making decisions (Anshari et al., 2023).

According to (Maksalmina & Maryasih, 2022), financial reports are the basis for analyzing a company. The basic framework for preparing and presenting financial reports in the Financial Accounting Standards (SAK) states that the intended users of financial reports include investors, employees, lenders, suppliers and other business creditors, customers, the government, and other public institutions.

(Alfarizi et al., 2024) stated that financial reports, or financial statements, are documents that present data related to an organization's finances and are generally used by various parties who have an interest in making economic decisions.

According to PSAK 1, the components of a complete financial report consist of 5 types of financial reports, including;

1. Report the position of finances at the end period
2. Report profit loss and income comprehensive during the period
3. Report cash flow during the period
4. Report change in equity (Capital) during the period
5. Notes on the report finance, which contains a summary of policy accounting and information explanations other.

However, for financial reports in non-profit entities, there are several adjustments to the terminology based on the characteristics of the non-profit entity, namely: Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets, Statement of Cash Flows, and finally, Notes to the Financial Statements (Dewi, 2022).

### **Islamic Boarding School Accounting Guidelines**

The Islamic Boarding School Accounting Guidelines (PAP), which were effective since May 28, 2018, were created as a form of economic empowerment in Indonesia. These guidelines are very helpful in financial management at Islamic Boarding Schools. The Indonesian Institute of Islamic Accounting Standards Board (IAI) has issued Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) which can be used as a reference for preparing financial reports, including Islamic boarding school accounting guidelines. Bank Indonesia and IAI compiled the Islamic Boarding School Accounting Guidelines (PAP) using the following references (BI, 2018) :

1. SAK ETAP issued by the IAI Financial Accounting Standards Board;
2. Sharia PSAK and ISAK issued by the IAI Sharia Accounting Standards Board.

The objectives of the financial reports prepared and presented by Islamic boarding school foundations are:

1. Give information about position finance , performance , cash flow and information other useful things for users report finance in frame make decision economy ; and
2. Form accountability administrator foundation cottage Islamic boarding school on use source entrusted power to him .

The complete financial report of the Islamic boarding school foundation consists of:

1. Report position finance  
Report position finance give information about assets , liabilities , and assets net from foundation cottage Islamic boarding schools , as well as connection between elements said at the time certain assets are presented based on characteristics and grouped become asset current and assets No current , liabilities served according to order fall tempo and grouped become liabilities term short and liabilities term long , net assets served become asset net No tied , assets net bound temporary , and assets net bound permanent.

2. Report activity

Report activity give information about performance finance foundation cottage Islamic boarding school during something period report certain . Report activity provide information about influence transactions and other events that change quantity and nature asset net , relationship between transactions and events others , and how use source Power in implementation various programs or service .

3. Report cash flow

Report cash flow provides information about cash receipts and disbursements from foundation cottage Islamic boarding school during period report certain . Cash and cash equivalents are classified become cash flow from operations , investments , and financing . Cash flow from operation served with method No direct .

4. Notes on report finance

Notes on report finance must served in a way systematic with order presentation in accordance component main report finance which is the part that is not inseparable from report financial information in notes on report finance related with posts in report position finance , reports activities and reports cash flow in nature give explanation , both of a practical nature qualitative and quantitative .

### ISAK 35

Statement of Financial Accounting Standards (PSAK) No. 45 on financial reporting of non-profit organizations has been revoked and replaced by ISAK (Interpretation of Financial Accounting Standards) No. 35 on Presentation of Financial Statements of Non-Profit Entities (effective January 1, 2020) stating the main objective of financial statements of non-profit organizations is the same as the objective of the report, namely to present relevant information on the activities carried out by the organization. In Islamic boarding schools, ISAK 35 aims help compile report finances to suit with standards , transparency and accountability . The translation of the word "Not-for-Profit", originally contained in PSAK No. 45 was changed by DSAK IAI in ISAK No. 35 to Non-profit on the basis that its main activity is not oriented towards seeking profit but that does not mean it does not generate profit (non-profit). ISAK No. 35 regulates the presentation of financial statements of non-profit entities. ISAK 35 issued by DSAK IAI is an interpretation of PSAK 1: Presentation of Financial Statements paragraph 05 which provides examples of how non-profit entities make adjustments both:

1. adjustment description used for certain posts in report finance ;
2. adjustment description used For report finance That Alone .

ISAK 35 is equipped with illustrative examples and conclusions that are not part of ISAK 35. According to ISAK No. 35, the financial statements of non-profit-oriented entities include statements of financial position, statements of comprehensive income, statements of changes in net assets, statements of cash flows, and notes to the financial statements (IAI, 2018).

### RESEARCH METHOD

This study uses a qualitative research method with a descriptive approach, namely an approach that aims to understand and describe social phenomena in depth based on the perspective of the subjects involved. According to (Sugiyono, 2019) qualitative research is a

research method based on the philosophy of postpositivism, used to research in natural object conditions, (as opposed to experiments) where the researcher is the key instrument, data collection techniques are carried out by triangulation (combined), data analysis is inductive/qualitative, and qualitative research results emphasize meaning rather than generalization. To collect data, researchers use the following techniques, direct observation, in-depth interviews, and documentation studies.

### **Location and Time of Research**

Location and Time: The research was conducted at the Sirajul Huda Islamic Boarding School in Tigabinanga District, Karo Regency, North Sumatra. The research took place from July to with finished .

### **Subjects and Objects of Research**

According to Moleong (2005), a research subject is an individual who has information or data directly related to the variables being studied. In the context of qualitative research, a research subject is a party who can provide in-depth and relevant data to the focus of the study. Therefore, in this study, the subject chosen was the Islamic boarding school financial manager or treasurer of the Sirajul Huda Islamic Boarding School, because the person concerned was considered to have adequate knowledge and experience related to financial preparation at the Sirajul Huda Islamic Boarding School. According to (Surokim, 2016) the object of research is the problem being studied. The object of research is the nature of the state of an object, person, or something that is the center of attention and target of research. In this study, the object studied was the financial report of the Sirajul Huda Islamic Boarding School.

### **Data Types and Sources**

This study uses two types of data sources: primary and secondary data. Primary data was obtained directly through observation and semi-structured interviews with relevant informants (Suryani & Mita, 2018 ). In this case, the research informants were the treasurer or financial staff of the Sirajul Huda Islamic Boarding School, who were selected based on their knowledge and direct involvement in the preparation of financial reports.

Meanwhile, secondary data was obtained through company documents or archives related to financial reports. The types of data used in this study include qualitative and quantitative data. According to Moleong (2014), qualitative data is data presented in narrative or descriptive form, rather than numerically. This data was collected through direct interviews and observations of company activities. Quantitative data was obtained from secondary sources, including internal company documents and other relevant supporting literature or references .

### **Data collection technique**

The data collection technique in this study was carried out through several systematic and complementary stages. First, the researcher collected document data related to financial reports at the Sirajul Huda Islamic Boarding School in Tigabinanga District, Karo Regency. The documents collected included the current year's financial report, transaction evidence, general ledger, and other supporting documents reflecting the Islamic boarding school's economic activities.

Furthermore, the financial data is classified and analyzed based on the Islamic boarding school accounting guidelines in accordance with the Interpretation of Financial Accounting Standards (ISAK) 35. The classification is carried out to identify the suitability



of the Islamic boarding school's financial report structure with non-profit entity-based reporting standards, such as financial position reports, activity reports, and cash flow reports.

The next step is to assess and analyze the Islamic boarding school's financial reporting process, including aspects of transaction recording, report preparation, and financial information disclosure. This process is based on the principles set out in ISAK 35, using a qualitative approach to understand how the standard is implemented within the Islamic boarding school environment.

The interview technique used in this study was semi-structured. According to Suryani & Mita (2018), semi-structured interviews fall into the in-depth interview category, meaning they are more flexible than structured interviews. The goal is to elicit more in-depth and contextual information from respondents.

In this study, interviews were conducted with the treasurer of the Islamic boarding school and the head of the foundation, as these two informants play a crucial role in the recording and preparation of financial reports. Both are key actors directly involved in the management and reporting of Islamic boarding school funds, and therefore are considered competent and have a deep understanding of the Islamic boarding school's internal financial system.

The interview questions posed were derived from the research problem formulation, including those concerning report preparation procedures, obstacles encountered in implementing ISAK 35, and management perceptions of the importance of financial transparency and accountability in Islamic boarding schools. With this method, researchers are expected to obtain valid and relevant data to support a comprehensive analysis.

## **RESULTS AND DISCUSSION**

### **Report Finances of Sirajul Huda Islamic Boarding School**

Cottage Sirajul Huda Islamic boarding school was founded on July 17, 1991 by H. Sulaiman Tarigan. The beginning institution education non-formal Islam in Karo Regency is A cottage study located in Tiga Beringin Subdistrict Tigabinanga was also founded by him in 1920. In 1936 the institution non-formal education moved to Kuala Baru village and then changed his status became Madrasah Sirajul Huda and then in 1991 became A Cottage Sirajul Huda Islamic Boarding School is located in Kuala Baru Village, District Tigabinanga.

Cottage Sirajul Huda can be said to be an Islamic educational institution that still uses a classical system. Later, this Islamic boarding school gradually adapted to the demands of the times, resulting in reforms in both its institutions and educational system. (Sembiring et al., 2022)

Report finance Islamic boarding school is documents containing information about activity finance and performance finance Islamic boarding school during period time certain Report This important For monitor, evaluate, and manage finance Islamic boarding school with Good (Laila & Hanifah, 2024)

In the preparation report finances at the Pondok Sirajul Huda Islamic Boarding School is still Not yet in accordance with applicable standards. Preparation the consists of on written income and expenses manually. This in accordance with results interviews conducted by the author to treasurer Islamic boarding school namely Ustadzah Syahri Tarigan, he said that :

" *Compilation report finances at Islamic boarding schools only take notes report expenditure and income only and still with manual recording and Islamic boarding schools No using ISAK 35 we only do recording in accordance with directions leadership just "*

Following is form report finances presented by the Pondok Sirajul Huda Islamic Boarding School :

**Table 1**  
**Report Finance Year 2023 Budget**

<b>Sirajal Huda Islamic Boarding School</b>	
<b>Profit and Loss Financial Report</b>	
<b>Fiscal Year 2023</b>	
<b>School Income</b>	
Student Tuition Fees	Rp. 168,000,000
BOS Funds for Elementary Schools, MTs, and MA	Rp. 200,000,000
Boarding School Student Meal Allowance	Rp. 336,000,000
Annual Fee Student	Rp. 39,000,000
<b>Total Income</b>	<b>Rp. 743,000,000</b>
<b>Cost</b>	
Teacher Salary	Rp. 384,000,000
Electricity cost	Rp. 24,000,000
Internet Costs	Rp. 7,800,000
Student Meal Costs	Rp. 312,000,000
Teacher's SPJ Delivers Reports, Meetings , etc.	Rp. 3,600,000
Repair light school buildings etc.	Rp. 6,000,000
Activity Other related with school	Rp. 6,000,000
<b>Total Cost</b>	<b>Rp. 743,400,000</b>

Source : Report Finance Year 2023 Budget



### Compliance with Islamic Boarding School Financial Reports With Isak 35

Based on the data that has been writer collect , Podok Islamic boarding school in report his finances Not yet fulfil suitability Isak standard 35 where cottage Islamic boarding school only record cash in and out . stated in accordance with Isak 35 standard covers a number of component that is statement of financial position, statement of comprehensive income, statement of changes in net assets, statement of cash flows, and notes to the financial statements (IAI, 2018) .

In terms of This writer try For compile return report finance Cottage Sirajul Huda Islamic Boarding School in the year 2023 available budget For customized with report finance in accordance with based on ISAK 35 so that produce report finance as following :

#### Statement of Comprehensive Income

This report details the income statement for a specific period, reflecting financial performance over that period. It also organizes the data presented in the income statement, including the revenues and expenses incurred by the entity during that period. The following are the results of this comprehensive report:

**Table 2**  
2023 Statement of Comprehensive Income

<b>Sirajal Huda Islamic Boarding School</b>	
<b>Comprehensive Income Statement</b>	
<b>Year 2023</b>	
<b>Without Limitation From</b>	
<b>Resource</b>	
<b>Income</b>	
Student Tuition Fees	Rp. 168,000,000
Student Meal Contribution	Rp. 336,000,000
Annual Student Fee	Rp. 39,000,000
<b>Total Revenue</b>	<b>Rp. 543,000,000</b>
<b>Burden</b>	
Teacher Salary Burden	Rp. 384,000,000
Electrical Load	Rp. 24,000,000
Internet Load	Rp. 7,800,000
Student Meal Burden	Rp. 312,000,000
Transportation Expenses	Rp. 3,600,000
Building Repair Expenses	Rp. 6,000,000
Activity Load Students	Rp. 6,000,000
<b>Total Load</b>	<b>Rp. 743,400,000</b>
<b>Surplus (Deficit)</b>	<b>-Rp 200,400,000</b>
<b>With Limitations From the</b>	
<b>Provider Resource</b>	
<b>Income</b>	

BOS Fund	Rp. 200,000,000
<b>Total Revenue</b>	<b>Rp. 200,000,000</b>
<b>Burden</b>	
Losses	-
Internal activity load	-
<b>Total Load</b>	
<b>Surplus ( Deficit )</b>	<b>Rp. 200,000,000</b>
<b>Other Comprehensive Income</b>	
<b>Comprehensive Total Income</b>	<b>-Rp 400,000</b>

Source: data processed by researchers (2025)

### Cash Flow Statement

This cash flow report contains information regarding the foundation's cash inflows and outflows. At this stage, researchers classified cash flow activities into three types. First, operational activities, which include receipt of tuition payments, general expenses, and other expenses. Second, investment activities, which include Islamic boarding school insurance, equipment purchases, grant receipts, investment receipts and sales, investment purchases, and the like. Third, financing activities, which include building investments, endowment investments, long-term endowment investments, investments, annual obligation payments, promissory notes payments, long-term debt payments, and the like. The following are the results of the cash flow report in this study:

**Table 3**  
**2023 Cash Flow Statement**

<b>Sirajal Huda Islamic Boarding School</b>	
<b>Cash Flow Report</b>	
<b>Year 2023</b>	
<b>Operational Activities</b>	
<b>Operating Activity Receipts</b>	
Student Tuition Fees	Rp. 168,000,000
BOS Fund	Rp. 200,000,000
Student Meal Contribution	Rp. 336,000,000
Annual Fee	Rp. 39,000,000
<b>Total Operating Activity Revenue</b>	<b>Rp. 743,000,000</b>
<b>Operating Activity Expenditure</b>	
Teacher Salary Burden	Rp. 384,000,000
Electrical Load	Rp. 24,000,000
Internet Load	Rp. 7,800,000
Student Meal Burden	Rp. 312,000,000

Transportation Expenses	Rp. 3,600,000
Building Repair Expenses	Rp. 6,000,000
Activity Load Students	Rp. 6,000,000
<b>Total Operating Activity Expenditure</b>	<b>Rp. 743,400,000</b>
<b>Addition ( Deduction ) of Cash from Operating Activities</b>	<b>-Rp 400,000</b>
<b>Investment Activities</b>	
<b>Investment Activity Receipts</b>	-
<b>Total Revenue Investment</b>	-
<b>Investing Activity Expenditure</b>	-
<b>Addition ( Deduction ) of Cash from Investment Activities</b>	-
<b>Funding Activities</b>	
<b>Funding Activity Receipt</b>	-
<b>Total Funding Activity Receipts</b>	-
<b>Financing Activity Expenditure</b>	-
<b>Total Financing Activity Expenditure</b>	-
<b>Addition (Deduction) of Cash from Funding Activities</b>	-

Source: data processed by researchers (2025)

#### Statement of Changes in Net Assets

Report change asset net aim For complete element report finance as well as make things easier in knowing the surplus ( deficit ) of assets Cottage Islamic boarding school in year walking . Next report change asset net in 2023 :

**Table 4**  
**Statement of Changes in Net Assets for 2023**

<b>Sirajal Huda Islamic Boarding School</b>	
<b>Report of Changes in Net Assets</b>	
<b>Year 2023</b>	
<b>Unlimited Net Assets From Resource Provider</b>	
<b>Beginning balance</b>	<b>Rp. 50,000,000</b>
Surplus ( Deficit ) year walk	-Rp 200,400,000
Net Assets Released from restrictions	Rp. 200,000,000
<b>Ending balance</b>	<b>Rp. 49,600,000</b>

Income Other Comprehensive  
Beginning balance  
Income Comprehensive year walk  
Ending balance  
Total

**Net Assets With Limitations From  
Resource Provider**

**Beginning balance**

Surplus ( Deficit ) year walk Rp. 200,000,000

Net Assets Released from restrictions Rp. 200,000,000

Ending balance

**Total Net Assets Rp. 49,600,000**

Source: data processed by researchers (2025)

**Statement of Financial Position**

The Islamic Boarding School has not yet prepared a financial position report in accordance with ISAK 35 standards in 2023. Presenting a financial position report is important so the Islamic Boarding School can assess the extent of its current and non-current assets. Therefore, based on the findings, the researcher prepared the financial position report for the Sirajul Huda Islamic Boarding School in 2023 as follows:

**Table 5  
2023 Financial Position Report**

**Sirajal Huda Islamic Boarding School  
Statement of Financial Position  
Year 2023**

**Asset**  
**Current assets**  
Cash  
Accounts receivable  
Investment Term Short  
Other Current Assets  
Equipment  
**Total Current Assets**

**Current Assets**

Equipment School	Rp. 50,000,000
Building	Rp. 100,000,000
<b>Current Assets</b>	<b>Rp. 150,000,000</b>
<b>TOTAL ASSETS</b>	<b>Rp. 150,000,000</b>
<b>Liabilities</b>	
Liabilities Short- term	
Liabilities Long- term	
<b>Total Liabilities</b>	
<b>Net Assets</b>	
<b>No Restrictions From the Giver Resource</b>	<b>Rp. 49,600,000</b>
<b>With Restrictions From the Giver Resource</b>	<b>Rp. 49,600,000</b>
<b>Total Liabilities And Net Assets</b>	<b>Rp. 49,600,000</b>

Source: data processed by researchers (2025)

#### Notes to the Financial Statements

PSAK No. 1 (2022) states that the notes to the financial statements contain additional information to that presented in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows. The notes to the financial statements provide a narrative description or separation of items presented in the financial statements and information regarding items that do not meet the recognition criteria in the financial statements. The following are the notes to the financial statements of the Sirajul Huda Islamic Boarding School:

**Table 6**

#### **Notes to the 2023 Financial Statements**

#### **Sirajul Huda Islamic Boarding School Notes to the Financial Statements Year 2023**

1. General Pondok Sirajul Huda Islamic Boarding School is institution non-formal Islamic education located in Kuala Baru Village, District Tigabinanga , Karo Regency , North Sumatra Province . Islamic Boarding School This standing under under the auspices of the Sirajul Huda Foundation since July 17, 1991 and operates in the field of education as well as coaching character students based Islamic values .
2. Overview Policy Accountancy
  - a. Basis for Preparing Financial Reports Financial reports arranged based on Interpretation Standard Financial Accounting Standard (ISAK) 35 on Presentation Report Finance Entity Non-Profit and Islamic Boarding School Accounting Guidelines (PAP). Components report prepared finances includes :

- Report Financial Position , Statement Comprehensive Income , Statement Changes in Net Assets, Statement Cash Flow , Notes to the Financial Statements
- b. Accounting Basis Recording report finance done in a way annual with cash basis method , where revenue and expenses recognized when cash is received or issued.
  - c. Cash and Cash Equivalents Cash and cash equivalents consist of from available cash balance For operational daily .
  - d. Income and Expenses Income recognized moment accepted , and load recognized moment happen expenditure . Classified become without restrictions and with restrictions from giver source Power .
  - e. Fixed Assets Fixed assets in the form of equipment and buildings noted as big as price acquisition reduced accumulation depreciation . Depreciation counted with straight line method during estimate age benefit assets .
3. Report Posts Finance
- a. Report Income Comprehensive
    - 1) Income without restrictions originate from tuition fees, contributions eating and annual students .
    - 2) Income with restrictions originate from BOS Funds. - The burden consists of from teacher's salary , electricity , internet, food students , transportation , repairs buildings and activities students .
  - b. Statement of Changes in Net Assets
    - 1) Net assets without Limit : Rp. 49,600,000
    - 2) Net assets with restrictions : Rp. 0
    - 3) Total assets net end year : Rp. 49,600,000
  - c. Report Financial Position
    - 1) Current assets Not yet fully recorded .
    - 2) Assets not fluent consists of from :  
Equipment : Rp. 50,000,000  
Building : Rp. 100,000,000  
Total assets : Rp. 150,000,000  
Liabilities : Not available  
Net Assets: IDR 49,600,000 Notes : Available mismatch between total assets and assets net Because Not yet existence recording complete For receivables , cash, supplies , or another account .
  - d. Report Cash flow
    - 1) Operational activities show deficit of Rp. 400,000
    - 2) There is no activity investment and funding during 2023 period

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Source: data by researchers (2025)



### **Obstacles and Implementation Solutions for the Implementation of ISAK 35**

The implementation of accounting standards in Islamic education is now a crucial requirement, especially for non-profit institutions such as Islamic boarding schools. One relevant standard is ISAK 35 (Interpretation of Financial Accounting Standards No. 35), which replaces PSAK 45 in the financial reporting of non-profit entities. However, in practice, many Islamic boarding schools still face various challenges in implementing this standard. One example is the Sirajul Huda Islamic Boarding School in Tigabinanga District, Karo Regency. A study revealed that this boarding school has not yet implemented ISAK 35 in the preparation of its financial statements. In implementing ISAK 35, Sirajul Huda Islamic Boarding School faces several fundamental obstacles. First, the limited understanding of accounting among the boarding school administrators means that the financial statements prepared are still very simple and do not comply with applicable standards. Second, the recording system used is still manual, limited to recording cash inflows and outflows, thus unable to provide a comprehensive picture of the boarding school's financial condition. Third, awareness of the importance of preparing structured financial reports remains low because the primary focus of Islamic boarding schools is directed more towards educational activities and student development rather than financial administration. As an implementable solution, this study offers simple steps that can be implemented in stages. First, it recommends that Islamic boarding school administrators attend basic accounting training, for example, attending seminars related to accounting training to gain an initial understanding of preparing reports in accordance with ISAK 35. Second, it encourages the use of simple recording applications, such as Excel or smartphone-based cash applications, to replace manual recording. Third, it prepares a financial report format in accordance with ISAK 35 as an example that can be used and developed by Islamic boarding schools in the following period.

In addition, researchers have also provided examples of recording and preparing financial reports based on ISAK 35 as a reference that can be adapted by Islamic boarding schools. With this example, it is hoped that Islamic boarding schools will be able to continue the process of recording and reporting finances according to ISAK 35 standards for subsequent periods. This solution will certainly be effective if implemented consistently by the Islamic boarding school. If implemented properly, Sirajul Huda Islamic Boarding School will be able to prepare accountable financial reports in accordance with applicable financial accounting standards, while simultaneously increasing the capacity of the Islamic boarding school in making strategic decisions to support sustainable institutional development.

### **CONCLUSION**

From the results of the research that has been conducted, it can be concluded that the Sirajul Huda Islamic Boarding School has not fully implemented ISAK 35 in preparing its financial reports, because it still uses a manual and simple recording system that only records incoming and outgoing cash.

The Islamic boarding school's financial report does not yet include important components such as the financial position report, cash flow report, net asset change report, and notes to the financial report as regulated in ISAK 35.

The non-conformity of financial reports with ISAK 35 standards is caused by the management's low understanding of accounting standards and the lack of regular training or mentoring.

## Limitations and Suggestions

This study has several limitations, including the fact that it was conducted at a single institution, making it unrepresentative of Islamic boarding schools in general. Each Islamic boarding school has different management systems and accounting understandings, which can lead to diverse challenges in implementing ISAK 35. The research data is also limited to interviews and available documents, without a comprehensive evaluation of financial reporting or direct implementation of ISAK 35.

Based on this, it is recommended that Islamic boarding schools receive mentoring from competent parties and participate in regular training. Future research is expected to reach more Islamic boarding schools to produce more representative and in-depth findings.

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