

**THE PREPARATION OF NOT-FOR-PROFIT ORGANIZATION**

**FINANCIAL STATEMENT:**

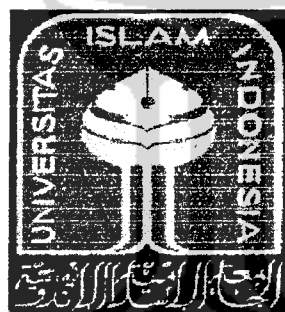
**A CASE STUDY ON THE FINANCIAL STATEMENT**

**OF INDRIYA-NATI FOUNDATION,**

**DAERAH ISTIMEWA YOGYAKARTA**

**A THESIS**

**Presented as Partial Fulfillment of the Requirements  
to Obtain the Bachelor Degree in Accounting Department**



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YOGYAKARTA**

**2004**

**THE PREPARATION OF NOT-FOR-PROFIT ORGANIZATION  
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DAERAH ISTIMEWA YOGYAKARTA**

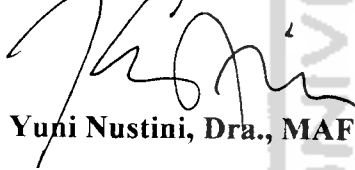
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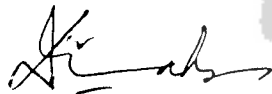
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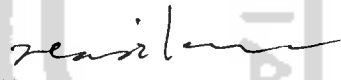
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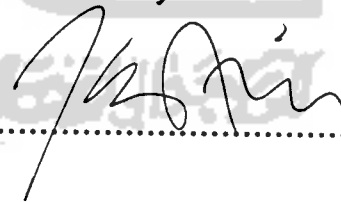
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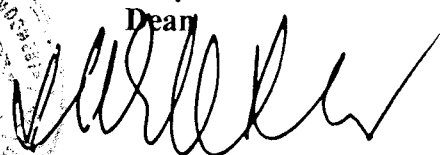
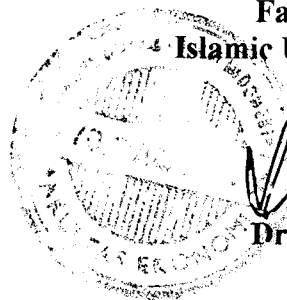
**Yogyakarta, July 6, 2004**

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## STATEMENT OF FREE PLAGIARISM

“Herein I declare the originality of this thesis; there is no other work which has ever which presented to obtain any university degree, and in my concern there is neither one else’s opinion nor published written work, except acknowledged quotations relevant to the topic of this thesis which have been stated or listed on this thesis bibliography. If in the future this statement is not proven as it supposed to be, I am willing to accept any sanction complying with the determined regulation for its consequence.”

Yogyakarta, June 1, 2004

Diah Nur Eko Sari

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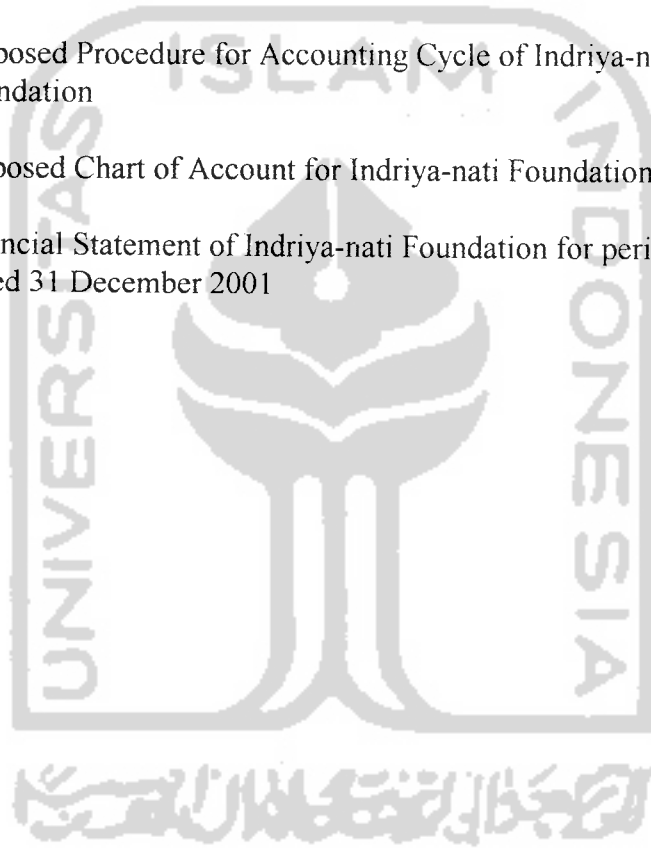


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## LIST OF ABBREVIATION

1. AICPA : American Institute of Certified Public Accountant
2. FASB : Financial Accounting Standards Board
3. IAI : Ikatan Akuntan Indonesia
4. NGO : Non-Government Organization
5. PSAK : Pernyataan Standar Akuntansi Keuangan
6. SFAS : Statements of Financial Accounting Standards



## ABSTRACT

Sari, Diah Nur Eko (2004). **The Preparation of Not-for-Profit Organization Financial Statement: A Case Study on The Financial Statement of Indriya-nati Foundation, Daerah Istimewa Yogyakarta.** Yogyakarta: Accounting Department. International Program. Faculty of Economics. Islamic University of Indonesia.

The existences of social empowerment institutions are very important to support and motivate independent society in Indonesia. Accountability of social empowerment institution as not-for-profit organization becomes an important part for the public. One of the instruments to declare accountability is by using financial statement. Many not-for-profit organizations still use cash basis in financial record whereas accrual basis gives more accurate financial description inside the organization. The accurate financial descriptions needed to predict future financial condition, evaluation, and organization's sustainability – where most not-profit-organizations live from the impermanent donor's donation.

To give a guideline on the accounting report for not-for-profit-organization, The Association of Indonesian Accountant (IAI) has already promulgated the accounting standards. The standards established by IAI concerning accounting treatment of not-for-profit organization are Financial Accounting Standards, Statement No. 45 about Financial Statement of Not-for-Profit Organization. Therefore, the research is focused on organization's financial report system and its accordance with SFAS No. 45.

To find out the implementation of financial statement that in accordance with SFAS No. 45, the researcher observes the financial statement of not-for-profit organization within a case study on the *Financial Statement of Indriya-nati Foundation, Daerah Istimewa Yogyakarta.*

Based on the research and evaluation done by the researcher, then it can be concluded that Indriya-nati Foundation has no appropriate internal control in its accounting system and has no accurate data about fixed asset, account receivable, and account payable. Then, Indriya-nati Foundation could not prepare financial statement that is in accordance with SFAS No. 45.

Some suggestions have already been provided for improvement in Indriya-nati Foundation accounting system performance. The proposed financial statement in this research can be used as a basic and guidance for the organization's next period financial statement.

## ABSTRAK

Sari, Diah Nur Eko (2004). **The Preparation of Not-for-Profit Organization Financial Statement: A Case Study on The Financial Statement of Indriya-nati Foundation, Daerah Istimewa Yogyakarta.** Yogyakarta: Jurusan Akuntansi. Program Internasional. Fakultas Ekonomi. Universitas Islam Indonesia.

Keberadaan lembaga swadaya masyarakat diperlukan di Indonesia untuk mendorong dan memotivasi tumbuhnya masyarakat yang mandiri. Akuntabilitas lembaga swadaya masyarakat sebagai organisasi nirlaba menjadi penting di mata publik. Salah satu instrumen untuk menyatakan akuntabilitas adalah melalui laporan keuangan. Banyak organisasi nirlaba yang masih menggunakan pencatatan keuangan secara kas, padahal pencatatan keuangan secara akrual memberikan gambaran yang lebih akurat mengenai deskripsi keuangan di dalam organisasi nirlaba tersebut. Keakuratan deskripsi keuangan diperlukan untuk memprediksi keadaan keuangan, evaluasi, serta keberlanjutan lembaga di masa mendatang, di mana hampir sebagian besar organisasi nirlaba hidup dari sumbangan yang diberikan oleh donor yang bersifat tidak tetap.

Dalam memberikan pedoman dalam pelaporan keuangan untuk organisasi nirlaba, Ikatan Akuntan Indonesia telah menyusun standar akuntansi. Standar yang disusun Ikatan Akuntan Indonesia mengenai laporan untuk organisasi nirlaba adalah Pernyataan Standar Akuntansi No. 45 mengenai Pelaporan Keuangan Organisasi Nirlaba. Oleh karena itu, penelitian difokuskan pada sistem pencatatan keuangan lembaga dan kesesuaian pelaksanaan PSAK No. 45 secara praktek.

Untuk mengetahui implementasi laporan keuangan yang sesuai dengan PSAK No. 45, maka peneliti melakukan observasi terhadap laporan keuangan organisasi nirlaba dengan mengambil studi kasus pada *Pelaporan Keuangan Yayasan Indriya-nati, Daerah Istimewa Yogyakarta.*

Berdasarkan penelitian dan evaluasi yang dilakukan, Peneliti menyimpulkan bahwa sampai dengan tahun 2001, Yayasan Indriya-nati belum memiliki kontrol internal yang baik dalam sistem akuntansinya dan belum memiliki data yang akurat mengenai aktiva tetap, piutang dan hutang. Sehingga Yayasan Indriya-nati tidak dapat menyiapkan pelaporan keuangan yang sesuai dengan PSAK No. 45.

Beberapa saran diajukan kepada Yayasan Indriya-nati untuk memperbaiki kinerja sistem akuntansi di Yayasan Indriya-nati. Laporan keuangan yang diusulkan dalam penelitian ini dapat digunakan sebagai dasar dan pegangan dalam laporan keuangan organisasi di masa mendatang.

## CHAPTER I

### Introduction

#### 1.1. Study Background

Non-governmental organizations (NGO)-as a form of Not-for-Profit Organizations-which has concerns to active society participation have been extensively established in Indonesia since 1970.<sup>1)</sup> NGOs can support and motivate the establishment of independent society. The function of independent society is as a balancing for domination of government and business institutions.<sup>2)</sup>

NGOs take a big part in political and social practices in Indonesia. Along with the NGOs' establishment, it cannot be neglected that there is a probability that the deviation of NGO's practices is getting higher<sup>3)</sup>. Some donors are getting upset, because some NGOs are weak in their program management, financial transparency, and they are not accountable in doing their activities. Considering those problems, the ethic code for NGO must be issued to keep the transparency and accountability of an NGO.<sup>4)</sup>

Some NGO admitted that public has the right to know about the financial accountability within the NGO.<sup>5)</sup> Financial statement can prove financial

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<sup>1)</sup> Billah, M.M. and Nusantara, Abdul Hakim G. "*Lembaga Masyarakat di Indonesia: Perkembangan dan Prospeknya*", Prisma, No.4, Year XVII, 1988.

<sup>2)</sup> "*LSM untuk Imbangi Pemerintah*", Kompas, March 2, 1999.

<sup>3)</sup> "*Perlu Kode Etik LSM*", Kompas, July 18, 2002.

<sup>4)</sup> "*Saatnya LSM Memberlakukan Kode Etik*", Kompas, April 9, 2002

<sup>5)</sup> "*LSM 'Jadi-jadian' Berkaitan dengan Dana Negara Donor*", Kompas, September 18, 2003

transparency. The financial statement is made based on the accounting treatment used by the organization.

Gross and Larkin in *Financial And Accounting Guide for Not-For-Profit Organizations* explains that the difference between commercial organization and not-for profit organization lies in the different reasons of their existence. In short, commercial organizations aims at realizing net-profit for its owners through the provision of some products or services needed by customers, whereas the ultimate objective of not-for profit organizations is to provide socially desirable need of the community or its members.

Another difference between commercial organizations' accounting and not-for-profit accounting is the use of cash basis and accrual basis. Most of NGOs use cash basis to record the transactions that happen in the organizations. This happened because it is simpler to keep financial records on cash basis than on an accrual basis. The cash basis is used when there are no activities of material amounts owed to other or vice versa in an organization. Cash basis also allowed to be used when there is no significant differences in financial amount either financial report record in cash basis or accrual basis. In the practice, usually accrual basis report gives more accurate financial description, whereas the accurate financial description is strongly required to predict the future financial condition and to illustrate the accountability of the organization.

Fund accounting also becomes a special accounting treatment in an NGO, because, some social organizations have more than one donors that fund

the organizations activities. Here, amounts are separated into categories according to the limitation located by the donors and the designation located by the organization's governing board on their activities.

NGOs have responsibility to account for funds that they have received including accounting for specific fund in particular projects as well as the objectives to use the resources effectively. Accounting and allocating the funds which are given by the donors as its proportion and meet the objectives of social needs for mutual achievement is one of the main duties of an NGO.

Based on the preliminary explanations, the accounting treatment for not-for-profit organization is a special accounting. That is why the form is different from a common accounting treatment for other commercial companies. The detail is explained in the later section of this chapter.

Based on the explanation above, it is shown the significance of the accounting treatment for NGO to be implemented; the organization elsewhere should realize that it is also crucial to apply a fine and compatible accounting process of the fund in the NGO according to the given standard. In order to enable not-for-profit organizations to fulfill transparent and understandable accounting report, Indonesian Accountant Association (IAI) has promulgated a set of standard concerning accounting treatment for Not-for-Profit Organization. It is The Financial Accounting Standard, Statement No. 45 concerning Financial Statement of Not-for-Profit Organizations. Indriya-nati Foundation, as one of not-for-profit organizations in Daerah Istimewa Yogyakarta Province has responsibility to implement standardized financial



statement. Considering many benefits and urgency of preparing a financial statement of not-for-profit organization appropriately in real application, it is imperative to conduct a research on this subject. This thesis is then entitled **“The Preparation of Not-for-Profit Organization Financial Statement: A Case Study on The Financial Statement of Indriya-nati Foundation, Daerah Istimewa Yogyakarta”**.

## **1.2. Problem Identification**

One of the ways to evaluate financial transparency and accountability is through financial statement. Using financial statement a report user can get the information about organizations picture. Unfortunately, some not-for-profit organizations still record their financial activities in simple format, such as cash basis. Using simple format will make the financial reports users are unable to get accurate financial picture of not-for-profit organization. Since each not-for-profit organization has its own accounting policies, The Association of Indonesian Accountant (IAI) has standardized the accounting treatment to enable not-for-profit organizations to prepare a financial statement of their funds. The aim of this standardization is to organize the financial statement of not-for-profit organizations. By using the standardized financial statement, hopefully not-for-profit organization financial statement could be more understandable, relevant, and have more bargaining positions. From this point of view, the importance of conducting the accounting treatment of not-for-profit organization in accordance with the accounting

standard becomes the main point of this research. Hence, the focus of this research is to evaluate whether the standard in conducting the accounting treatment of financial statement has already been applied correctly by the not-for-profit organization.

### **1.3. Problem Formulation**

The research is meant to answer the following problem:

Does the financial statement of Indriya-nati Foundation, Daerah Istimewa Yogyakarta has already been prepared appropriately in accordance with the Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organization?

### **1.4. Limitation of Research Area**

The research is limited to these following activities:

1. The research is conducted on the financial report of Indriya-nati Foundation, DIY, as not-for-profit organization.
2. The research finding would then be compared to the Financial Accounting Standard, Statement No.45 about Financial Statement of Not-for-Profit Organization.

### **1.5. Research Objective**

The research is conducted in order to gain complete information about the preparation of not-for-profit organization financial statement in Indriyanati Foundation, Daerah Istimewa Yogyakarta.

### **1.6. Research Benefits**

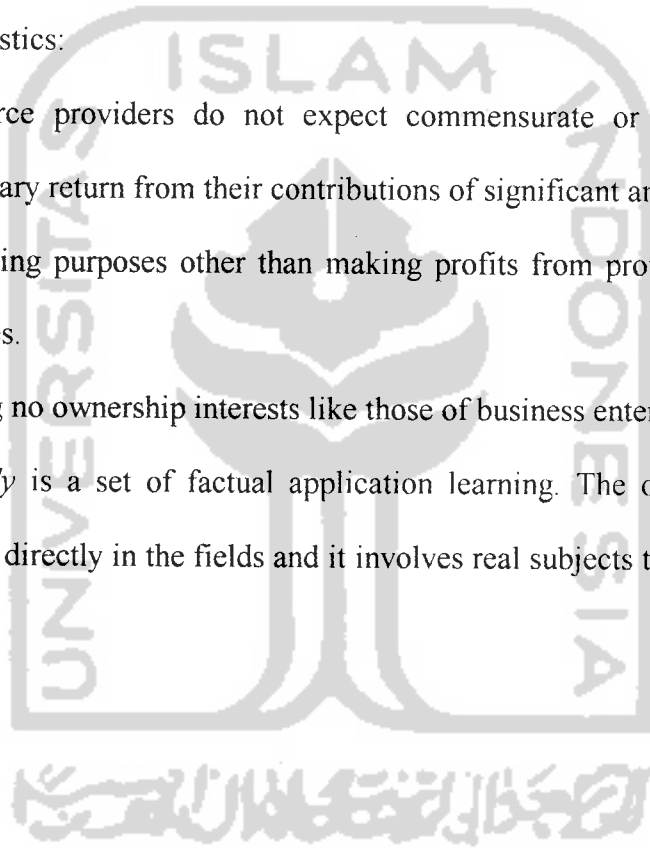
This research may derive such benefits that would be explained below:

1. To the researcher this observation could give a new perspective of knowledge and also enrich the scientific experience in conducting an accounting treatment on the financial report of not-for-profit organization.
2. Through this research, the not-for-profit organization may obtain the information whether the financial statement of not-for-profit organization that they have already prepared has already been conformed to SFAS No. 45. The research may provide input so that organization may take a corrective action in the future.
3. This research may also contribute such knowledge to other researchers who have interest in the similar subject. This research could give a comparative mindset between the real application financial statement of not-for-profit organization and the standards.

### 1.7. Definition of Terms

This thesis uses a set of terms and some definitions in terms would be provided. Therefore, the thesis users would able to understand the topic comprehensively.

1. *Not-for-Profit Organization* is an entity that posses the following characteristics:
  - a. Resource providers do not expect commensurate or proportionate pecuniary return from their contributions of significant amount.
  - b. Operating purposes other than making profits from provide goods or services.
  - c. Having no ownership interests like those of business enterprises.
2. *Case Study* is a set of factual application learning. The observation is conducted directly in the fields and it involves real subjects to get the data needed.



## CHAPTER II

### Review of Related Literature

#### 2.1. Theoretical Review

##### 2.1.1. Financial Statement of Not-for-Profit Organization

The Federal Accounting Standards Advisory Board (FASB) in Appendix D of *Statement 116*, distinguished a not-for-profit organizations from a business as follows:

1. Resource providers do not expect commensurate or proportionate pecuniary return from their contributions of significant amount.
2. Operating purposes other than making profits from provide goods or services.
3. Having no ownership interests like those of business enterprises.

A 1990 study shows that 1.4 million not-for-profit organizations in the United States have 6.8 percent (\$289 billion) share of national income. They also employed 10,4 percent of the national workforce-14.4 million paid and volunteer workers (Gross and Larkin, 1995a) Hence, it can be seen that not-for-profit organizations from the small scale until the large scale have significant influences in financial activities. Although the purpose of not-for-profit organizations is not to realize net profit like the business organization, not-for-profit organizations needs resources to do their activities. That is why accounting treatment in financial statement for not-for-profit organizations is supposed to be performed professionally such as in business enterprises. Financial statement needed by not-for-profit organizations to analyze

organization's internal health. By using financial statement analysis, a not-for-profit organization could predict the availability of resources that use in doing the activities to fulfill functions for which the organization was founded. The financial statement of not-for-profit organizations is useful for internal purpose and external purpose. The internal use of not-for-profit organizations financial statement is to measure the not-for-profit organizations' resources. The external use of not-for-profit organizations financial statement is to perform accountability to the donors and public. Financial transparency also could be more easily detected from the financial statement.

Even though the accounting principal followed by not-for-profit organizations is mostly the same with accounting principal followed by business organizations, there are some principal areas of accounting differences as stated by Gross and Larkin (1995b),

1. *Cash versus Accrual Accounting*

Cash basis accounting record is often used in not-for-profit organizations, while the commercial organizations almost always use accrual basis accounting. The reason of implementing cash basis in not-for-profit organizations is because of its simplicity. However, the fact is accrual basis gives more accurate data rather than cash basis.

2. *Fund Accounting*

Segregation of amounts for each fund that accepted by a not-for-profit organization based on restrictions allocated by donors and designations allocated by the organization.

### 3. *Transfers and Appropriations*

Financial activities in form of transfer between funds, which is not influence in expense or income. The reader of financial statement can be confused when careful disclosed is not made.

### 4. *Treatment of Fixed Assets*

In not-for-profit organizations, fixed assets may or may not be recorded-unlike in commercial enterprises; they are almost always recorded as asset in the balance sheet. Some not-for-profit organizations record fixed assets as expense when the assets are purchased; others record fixed assets purchased at cost and depreciated them in the same method as commercial enterprises.

### 5. *Contribution, Pledges, and Non-cash Contribution*

A pledge is a promise to contribute a specified amount to an organization. So, it may or may not be legally enforceable. Non-cash contribution includes equipment, donations, supplies, and services of volunteers.

Razex, Joseph. R and Hosch (1995: 555) stated that the financial statement of not-for-profit organizations are prepared for four general types of users of financial information, they are:

#### 1. *Organization's management group*

The management of the organization uses the financial statement for decisions making and future prediction to ensure fulfillment functions of the organization.

2. *Government officials who have supervision responsibility for not-for-profit organizations*

The measure of accountability, taxes availability and contribution for national income could be noticed from financial statement.

3. *Persons who contribute resources to the organization*

Persons who contribute could get confirmation about the amount that entrusted with the real allocation done by the organization.

4. *Organization's constituents*

Constituents could clearly understand about the organization's condition.

In a more specific explanation, the functions of not-for-profit organization financial statements are:

1. To provide information on how the resources of the organization were obtained and used during the period.
2. To present the condition of resource available for future use at the end of periods.
3. To report the organization's ability to continue facilitating in the future

### **2.1.2. The Rise of Accounting Standards in Not-for-Profit Financial Statement**

Belkaoui, Ahmed and Jones (1996: 90) extended the reasons of establishing standards.



1. Provide users of accounting information with clear, consistent, reliable, and comparable information about the financial position, performance, and conduct of an organization.
2. Provide public accountants with guiding principle and regulations of action and enable them to raise their professionalism in auditing and attesting the validity of certain organization's report.
3. Provide the government with various variables of database, which is crucial to implement the taxation function, company's regulation, economic positioning, and the improvement of economic efficiencies and other social purposes.
4. Generate interest in principles and theories, by spreading academically standard controversies.

The first guidance that regulates accounting report and practice for not-for-profit organizations was issued in 1978. The Accounting Standards Division of the American Institute of Certified Public Accountants (AICPA) issued *Statement of Position 78-10* entitled "Accounting Principles and Reporting Practices for Certain Nonprofit Organization" (SOP 78-10) and addressed to the Federal Accounting Standards Board (FASB). The Statement of Position is applicable to all not-for-profit organizations not covered by one of three Audit Guides other than governmental units and such business-oriented entities as mutual savings banks, insurance companies, and employee benefit plans. The SOP applicability includes the following types of organizations:

- Cemetery organizations
- Civic and community organizations
- Colleges and universities
- Elementary and secondary schools
- Federated fun-raising organizations
- Fraternal organizations
- Labor unions
- Libraries
- Museums
- Other cultural organizations
- Performing arts organizations
- Political parties
- Political action committees
- Private and community foundations
- Professional associations
- Public broadcasting stations
- Religious organizations
- Research and scientific organizations
- Social and country clubs
- Trade associations
- Voluntary health and welfare organizations
- Zoological and botanical studies



In 1981, the AICPA issued an audit and accounting guide, *Audits of Certain Nonprofit Organizations*.

FASB has issued six accounting standards applicable for not-for profit organization:

1. Number 93, *Recognition of Depreciation by Not-for-Profit Organizations*. (Issued: August, 1987)
2. Number 99, *Deferral of the Effective Date of Recognition of Depreciation by Not-for-Profit Organizations*. (Issued: September, 1988)
3. Number 116, *Accounting for Contributions Received and Contributions Made*. (Issued June, 1993)
4. Number 117, *Financial Statement of Not-for-Profit Organizations*. (Issued: June, 1993)
5. Number 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. (Issued: November, 1995)
6. Number 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. (Issued: June, 1999)

The financial report of not-for-profit organizations in Indonesia should conform to the guidelines prepared by The Association of Indonesian Accountant (IAI). IAI has established accounting standards to recognize accounting treatment and financial statement reporting in not-for-profit organization through Financial Accounting Standard (PSAK) No. 45 about Financial Statements of Not-for-Profit Organizations, which adopted from

FASB Financial Accounting Standard Statement of Accounting Standards No. 117 about Financial Statements of Not-for-Profit Organizations. Using the standard, accounting process and reporting would be harmonized. Therefore, financial statement reported by not-for-profit organizations can fulfill the standard quality.

## **2.2. Theoretical Framework**

### **2.2.1. Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organizations**

Not-for-profit organizations have specific characteristics in their fund resources that are obtained from the donations given by the donors and the donors do not expect financial return for the contributions. As a result, certain transactions, which are not occurred in other business enterprises such as contributions received, were made and they need specific accounting treatment. Even though they are different, not-for-profit organizations still need to provide understandable, relevant, and comparable financial statements. Therefore, The Associations of Indonesian Accountant (Ikatan Akuntan Indonesia) has already issued Financial Accounting Standard, Statement No.45 about Financial Statement of Not-for-Profit Organizations that was validated in December 23, 1997.

### **2.2.1.1. The Accounting and Reporting of Financial Statements of Not for-Profit Organizations**

According to Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organizations, the primary objective of financial statement of not-for-profit organizations is to provide relevant information to meet the interests of the donors, members, creditors and others who provide resources for not-for-profit organizations. The users of financial statements have common interests in assessing:

1. The organization's service and its ability to continue provide the service.
2. Managers' manners in their stewardship responsibilities and others aspect of their performance.

Specifically, the purpose of financial statement-including accompanying notes-is to provide:

1. The amount and nature of organization's assets, liabilities, and net assets.
2. The transactions effects, other events, and circumstances that change the amount and nature of net assets.
3. The amounts, kinds, and the relations between inflows and outflows of economic resources during a certain period.
4. Organization system to obtain and spends cash, borrowing and borrowing repayment, and other aspects that influence its liquidity
5. The service efforts of an organization

The financial statement of Not-for-Profit Organizations consists of statement of financial position as the end of reporting period, a statement of

activities and a statement of cash flows for the reporting period, and accompanying notes to financial statements.

### **2.2.2. The Elements of Financial Statements of Not-for-Profit Organizations**

The Financial Statement of Not-for-Profit Organizations based on Financial Accounting Standards, Statement No. 45, shall include:

1. A Statement of Financial Position
2. A Statement of Activities
3. A Statement of Cash Flows

The elements of financial statement of not-for-profit organizations could be explained as follows:

#### **2.2.2.1. A Statement of Financial Position**

A statement of financial position is a statement that can give relevant information about an organization's assets, liabilities, and net assets, and about their relationships to each other in a certain period. Then, a statement of financial position must focus on organization as a whole. Therefore, the donors, members, creditors, and others could obtain information about:

1. Organization's capabilities in continuing services provide
2. Organization's liquidity, financial flexibility, ability to fulfill the obligations, and the needs of external financing

#### 2.2.2.1.1. Classification of Assets and Liabilities

A statement of financial position including accompanying notes to financial statements, provide relevant information about liquidity, financial flexibility and the interrelationship of organization's assets and liabilities. That information generally is provided by aggregating assets and liabilities that possess similar characteristic into reasonably homogenous groups. For example, entities generally report individual item of assets in homogenous groups, such as:

- a. cash and cash equivalent;
- b. accounts and notes from patients, students, members, and other recipient of services;
- c. inventories of materials and supplies;
- d. deposits and prepayments for rent, insurance, and other services;
- e. marketable securities and other investment assets held for long-term purposes;
- f. land, buildings, equipment, and other long-lived assets used to provide goods and services.

Cash or other assets received with a donor-imposed restriction that limits their use to the long-term purposes should not be classified with cash or other assets that are unrestricted and available for current use.

Information about liquidity shall be provided by one or more of the following:

- a. sequencing assets according to the nearness of conversion to cash and sequencing liabilities according to the nearness of their maturity and resulting use of cash;
- b. classifying assets and liabilities as current and non-current;
- c. disclosing in notes to financial statements relevant information about the liquidity or maturity of assets and liabilities, including restrictions on the use of particular assets.

#### **1.2.2.1.2. Classifications of Net Assets as Donor Restricted or Unrestricted**

A statement of financial position provided by not-for-profit organization shall report the amounts of for each class of net assets, based on the existence of or absence of donor-imposed restrictions, i.e. permanently restricted net-assets, temporarily restricted net-assets, and unrestricted net-assets.

Information about the nature and amounts of different types of *permanent restrictions* or *temporary restrictions* shall be provided either by reporting their amounts on the face of the statement or by including relevant details in notes to financial statements.

Separate line items may be reported within permanently restricted net-assets or in notes to financial statement to distinguish between permanent restrictions for holdings of (1) assets, such as land, work of arts donated for specified purpose, be preserved and not to be sold, or (2) assets donated with stipulations that they be invested to provide a permanent source of income.



The latter result from gifts and bequests that create permanent *endowment funds*.

Separate line items may be reported within temporarily restricted net-assets or in notes to financial statement to distinguish between temporary restrictions for (1) support for particular operating activities, (2) investment for a specified term, (3) use in a specified future period, (4) acquisition of long-lived assets. Donor's temporary restrictions may require that resources be used in later period or after time restrictions, purpose restrictions, or both.

Unrestricted net assets generally come from revenues of providing services, producing and delivering goods, unrestricted contributions received, dividends received, or investment from income-producing assets, less expenses incurred to obtain those revenues. The limits of the use of unrestricted net assets come from the nature of organization, environment in which the organization operates, organization's purposes in its articles of incorporation or bylaw, and contractual agreements from suppliers, creditors, and others entered into by the organization in the course of its business. Information about those contractual limits that are significant, including the existence of loan covenants, generally is provided in notes to financial statements.

#### **1.2.2.2. A Statement of Activities**

A statement of activities is a statement that combines the revenues, expenses, gains, and losses with the changes in equities. Then, a statement of

activities must focus on organization as a whole and report the amount of change in net assets for a certain period. Therefore, a statement of activities can provide relevant information about:

1. The effects of the transactions and other events and circumstances that changes the amount and nature of net assets.
2. The relationship among those transactions and other events
3. How organization uses the resources in order to provide various programs and services.

The information in statement of activities, used with other information in other financial statement is useful for donors, creditors, and others to:

- a. Evaluate performance of the organization during a certain period
- b. Evaluate organization's service efforts and its ability to continue provides services.
- c. Evaluate manager's responsibility and performance

A statement of activities provided by a not-for-profit organization shall focus on the organization as a whole and shall report the amount of the change in net assets for the period. The change in net assets should articulate to the net assets or equity reported in the statement of financial position.

#### **2.2.2.2.1. Changes in Classes of Net Assets**

A statement of activities shall report the changes in the amount of permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets for the period.

#### **1.2.2.2.2. Classifications of Revenues, Expenses, Gains, and Losses**

A statement of activities shall report revenues as increases in unrestricted net assets unless the use of the assets received is limited by donor-imposed restrictions. A statement of activities shall report expenses as decreases in unrestricted net assets.

Contributions are reported as revenue or gains, which increase unrestricted net assets, permanently restricted net assets or temporarily restricted net assets, depending on the type of restriction. Donor-restricted contributions whose restrictions are met in the same reporting period may be reported as unrestricted support provided that an organization reports consistently from period to period as discloses its accounting policy.

A statement of activities shall report gains and losses recognized on investments and other assets (or liabilities) as increases or decreases in unrestricted net assets unless their use is restricted for specified purpose.

Classifying revenues, expenses, gains and losses within classes of net assets does not preclude incorporating additional classifications within a statement of activities. For example, within a class or classes of changes in net assets, an organization may classify items as operating and nonoperating, expendable and nonexpendable, earned and unearned, recurring and nonrecurring, or in other ways.

#### **1.2.2.2.3. Information about Gross Amount of Revenues and Expenses**

A statement of activities shall report the revenues and expenses in gross amounts. However, investment revenues could be presented net of related expenses-such as investment advisory fees and custodial fees-as long as amount of the expenses is disclosed in notes of financial statement.

A statement of activities reported net amounts of gains or losses that come from incidental transaction or from other events and circumstances, which are beyond the control of organization's management. For example, an entity that sells land and buildings no longer needed for its ongoing activities.

#### **1.2.2.2.4. Information about Organization's Service Efforts**

A statement of activities shall provide information about expenses reported by their functional classification such as major class of program service and supporting activities.

Functional classification is useful to for donors, creditors and other to evaluate organization's service efforts. Organizations shall report that information as well as information about expenses by their natural classification, such as salaries, rent, electricity, interest expense, and depreciation.

Program services are the activities that result in distribution in goods and services being distribute to beneficiaries, customers, or members that fulfill the purposes or the mission for which the organization exists. Those services

are the major purpose for and the major output of the organization and often relate to several major programs.

Supporting activities are all activities other than program services. Supporting activities include activities of management and general, fund raising, and membership-development. Activities of management and general include oversight, business management, general record keeping, budgeting, and related administrative activities, except program service and fund raising. Fund raising activities include publicizing and fund raising campaigns, maintaining donor mailing list, conducting special fund raising events, and other similar activities. Membership-development activities include soliciting for prospective members and membership dues, membership relations, and similar activities.

#### **1.2.2.3. A Statement of Cash Flow**

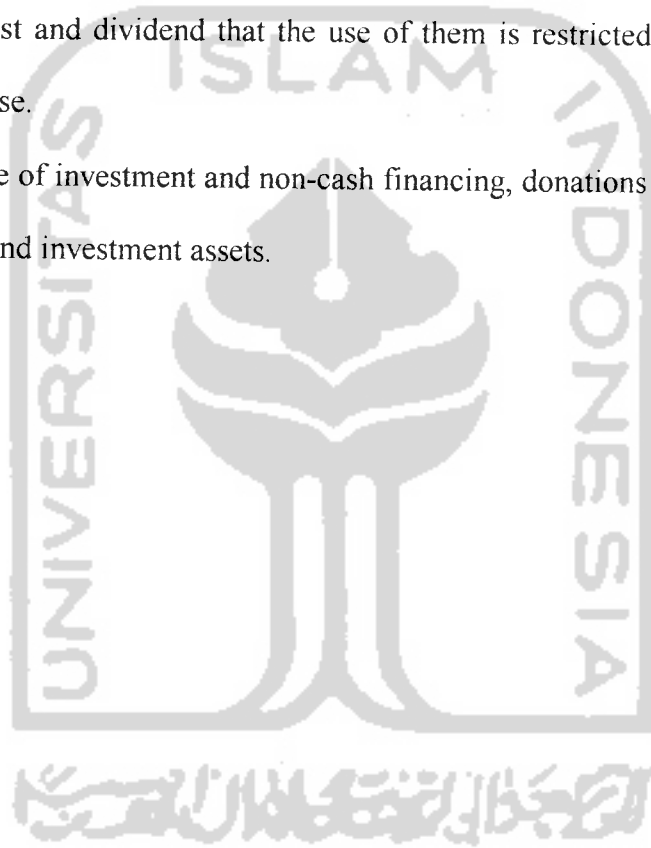
The purpose of statement of cash flow is to give information about cash receipt and cash payment in a certain period.

#### **2.2.2.3.1. Classifications of Cash Receipts and Cash Payments**

Statement of cash flow presented as in Financial Accounting Standard, Statement No. 2 about Statement of Cash Flow with additional of:

1. Financial Activities:
  - a. Receiving restricted resources that by donor stipulation must be used for long-term purposes.

- b. Receipts from contributions and investment income that by donor stipulation are restricted for the purposes of acquiring, constructing, and improving property, plant, equipment or other long-lived assets or establishing or increasing a permanent endowment or term endowment.
    - c. Interest and dividend that the use of them is restricted for long-term purpose.
  2. Disclosure of investment and non-cash financing, donations in the form of building and investment assets.



## CHAPTER III

### Research Method and Findings

#### 3.1. Research Method

*Descriptive comparative method* is selected to be the research method in this thesis. Zikmund (2000: 50) explains that a descriptive research has a purpose to describe phenomenon or characteristics of population by finding the interaction between variables. Easton (1992:71) explains that in a *case study* happened the real condition as research subject. This real condition is measured by using the ideal standards as comparison. The standards are classified into two standards, the first is external standard and the second is internal standard. This research does not only describe the relation between variables, but also compares the variables and provides evaluation concerning the phenomenon that happens.

This research attempts to compare and evaluate the accounting treatment executed by Indriya-nati Foundation as a not-for-profit organization to the existing standard. The standard is Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organizations. The research is conducted in order to get some data, which are relevant with accounting treatment in Indriya-nati Foundation. The data consists of the not-for-profit organizations backgrounds, financial statement prepared by not-for-profit organization, accounting treatment on not-for-profit organization, and other supportive data. Those data will be applied to evaluate the real application of accounting treatment of not-for-profit organization fund, and

then, the data are compared to the standard given by The Association of Indonesian Accountant, that is Financial Accounting Standard, Statement No.45 about Financial Statement of Not-for-Profit Organizations. Then, the comparison is evaluated. Finally, some comments and suggestions concerning the accounting treatment in Indriya-nati Foundation, and the implementation of Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-or-Profit Organizations are presented.

### **3.2. Research Subject**

The subject of this research is the accounting treatment in Indriya-nati Foundation, as not-for-profit organization.

### **3.3. Research Setting**

The research setting is conducted within two methods, library research and field research:

#### **3.3.1. Library Research**

Library research is a research done by reading some literature through the media, such as books, newspapers, magazine, and journals. The objective of library research is to get appropriate data in supporting the research, and to study some facts and theories in constructing the research.



The literature study is focused on the analysis of the financial statement of not-for-profit organization based on the standard issued by the Association of Indonesian Accounting.

### **3.3.2. Field Research**

The objective of this research is to get the data about real application of accounting treatment in not-for-profit organization. Therefore, the field research is conducted in Indriya-nati Foundation, Pujokusuman MG I/382, Yogyakarta. The data observed from the field research are general data, financial data, and accounting treatment data.

#### **3.3.2.1. General Data**

The general data include organization profile, organization vision and mission, and organizational structure.

##### **3.3.2.1.1. History and Profile of Indriya-nati Foundation**

Indriya-nati Foundation was founded in October 24, 1998 and was acknowledged by notary in January 11, 1999 based on the experience of relationship with street children since 1996. The focus of activities of Indriya-nati Foundation is accompanying programs for female street children, because female street children are considered to have more complicated problems rather than the male. The problems of female street children are such as: reproduction health, sexual harassment, unwanted pregnancy, gender

discrimination, and negative perceptions from society. The implementation of accompanying program for female street children is in the form of activities using street-based approach, center-based approach, and community-based approach. The activities are such as drop-in-center, reproduction health discussion, outreach, gender discussion, personality and social relationship discussion, educational support, pre-vocational training, counseling, and management of cases, which involved other institutions such as hospital, clinics, and gender-based institutions.

Until 2003, Indriya-nati Foundation have been accompanying and facilitating three categories of female street children, there are:

1. Children of the street, is female street children that have no physical contact with their parents and families during their life in the street and do not go home to their parents/'families' house.
2. Children on the street, is female street children that work in the street and after work, they can go home and still have physical contact with their parents and families.
3. Vulnerable children, is children that has big possibilities to become street children. Conducive situations that make a child to become a street child are poor economic condition, peer-group that involved street children, and parental abuses.

Even tough Indriya-nati Foundation has its focus in female street children it does not mean Indriya-nati Foundation ignores male street children. Indriya-nati Foundation still facilitates the male ones although not in the form

of physical support, the supports are workshop, tutorial and other community activities, because Indriya-nati Foundation thinks that community-based approach is important. Using perspective that community as one the stakeholders in the life of female street children. That is why, starting in 2002 Indriya-nati Foundation develops accompanying programs for the families of female street children. The main purpose is to increase economic condition of the family, so they can make other income for the family rather than working in the street.

#### **3.3.2.1.2. Vision and Mission of Indriya-nati Foundation**

Vision of Indriya-nati Foundation is the empowerment of street children, especially female street children, so they can become a subject in their life.

Missions of Indriya-nati Foundation are:

1. Providing interactive media as a space to facilitate many different values
2. Providing accesses needed by female street children
3. Creating mutual friendships and relationships towards each subject.
4. Developing critical consciousness in digging the meaning of every experience and every incident

Until 2003, programs that have been by Indriya-nati Foundation in collaboration with other boards and donors are:

1. Collaboration with Yanti Foundation (Dutch) in accompanying program for female street children (1999-July 2001)

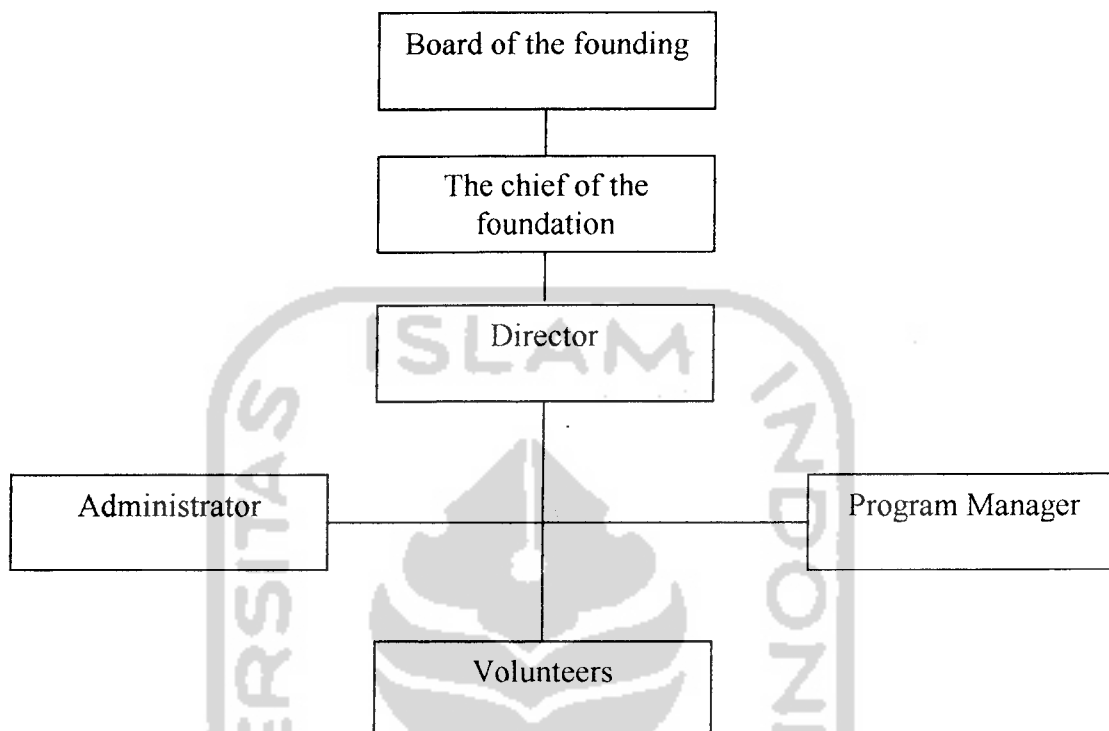
2. Collaboration with PKPM Atmajaya, Jakarta in project of prevention and medical service for prostituted children (July 1999 – January 2000)
3. Collaboration with PKPK Atmajaya, Jakarta in research of drop-in-center effectiveness
4. Collaboration with 11 Non-Governmental Organizations in Yogyakarta which concern in children for project of Japan Fund for Poverty Reduction-Asian Development Bank/JFPR-ADB in accompanying program and synergic link services for female street children (July 2001 – now)
5. Collaboration with Microsoft-Indonesia in computer literate for marginal children (January 2003 – now)

#### **3.3.2.1.3. Organizational Structure**

Organizational structure of Indriya-nati Foundation has changed until three times until now, it is represented below:

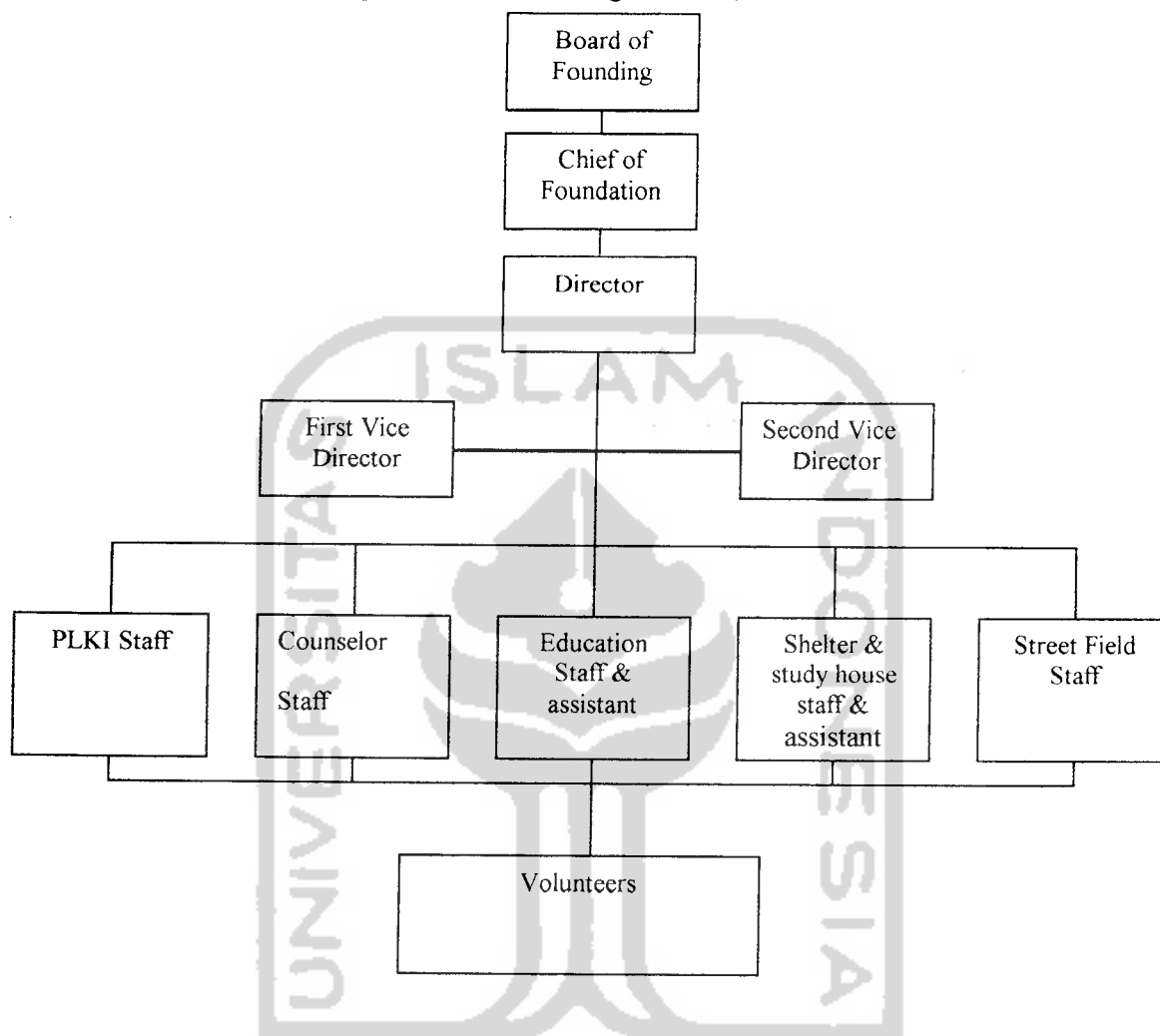


1. First Period (February – August 2001)



In this period, Director, Administrator, and Program Manager have functioned as a core team, which in their activities are helped by volunteers.

## 2. Second Period (September 2001 – August 2002)



In this period, the structure was influenced by the project of JPFR-ADB as one of the project requirement. The changing of organizational structure was done during the secretarial move from Dipowinatan MG I/212 to Pujokusuman MG I/382 in 2001.

The job description is explained below:

No.	Position	Job Description
1.	Director	<p><b>Authorities:</b></p> <ol style="list-style-type: none"> <li>1. Managing contracts with staffs and volunteers</li> <li>2. Writing proposals of core working programs</li> <li>3. Writing proposals of supporting projects</li> <li>4. Representing Indriya-nati Foundation</li> <li>5. Giving sanctions to the staffs and volunteers, which do not perform their duties.</li> </ol> <p><b>Duties:</b></p> <ol style="list-style-type: none"> <li>1. Writing working programs proposals together with the foundation chief</li> <li>2. Responsible in running the organization's activities</li> <li>3. Writing responsibility report at the end of duties period to be presented for the foundation</li> <li>4. Writing quarterly progress report to presented for the foundation</li> <li>5. Attending quarterly foundation evaluation</li> <li>6. Responsible to the link of information from society to organization, organization to the child, the child to the society, and vice-versa.</li> <li>7. Responsible to semester evaluation in executive level</li> </ol>

No.	Position	Job Description
2.	First Vice Director	<p>Authorities:</p> <ol style="list-style-type: none"> <li>1. Managing programs</li> <li>2. Proposing proposal plan, which related with his/her duties</li> <li>3. Proposing staffs and volunteers for the positions below him/her</li> </ol> <p>Duties:</p> <ol style="list-style-type: none"> <li>1. Helping director in coordinating staffs and volunteers in running working program</li> <li>2. Programming the activities together with director</li> <li>3. Helping director in making quarterly progress report</li> <li>4. Coordinating staffs and volunteers below him/her, if there is exist additional project beside the core program</li> <li>5. Managing database, which related with the management of child cases, child's data, and child progress report, condition and progress report of communities.</li> <li>6. Attending the quarterly meeting with the chief of foundation together with director</li> </ol>

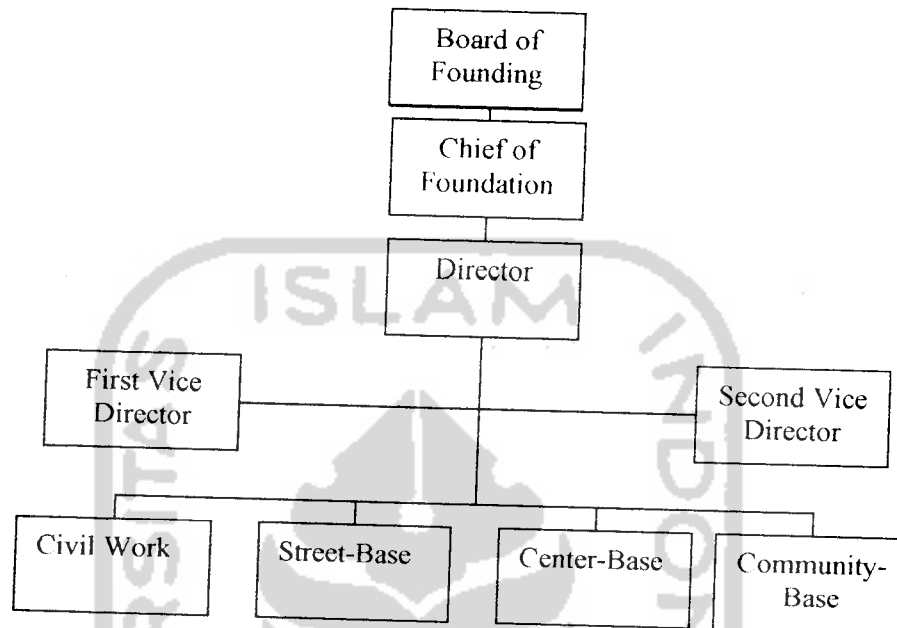


No.	Position	Job Description
3.	Second Vice Director	<p>Authorities:</p> <ol style="list-style-type: none"> <li>1. Managing financial and secretarial matters</li> <li>2. Managing office for effectiveness</li> <li>3. Propose one official staff</li> </ol> <p>Duties:</p> <ol style="list-style-type: none"> <li>1. Managing secretarial matters</li> <li>2. Making official systems together with director</li> <li>3. Making financial report every semester for the foundation, which approved by director</li> <li>4. Responsible to the operational of office</li> <li>5. Preparing every meeting in executive level</li> <li>6. Attending the quarterly meeting with the chief of foundation together with director</li> </ol>
4.	PLKI/Pusat Layanan Komunikasi dan Informasi Staff (ICSC/Information and Comm. Service Center Staff)	<p>Duties:</p> <ol style="list-style-type: none"> <li>1. Operational of ICSC (Information and Communication Service Center)</li> <li>2. Child accompanying</li> <li>3. Arranging and organizing activities in ICSC</li> <li>4. Mediation for child's follow-up service</li> <li>5. Managing cases in Drop-In-Center</li> <li>6. Making ICSC monthly report</li> </ol>

No.	Position	Job Description
5.	Counselor Staff	Duties: <ol style="list-style-type: none"> <li>1. Accompanying child in ICSC and in study house</li> <li>2. Facilitating peer group meeting for the child</li> <li>3. Making and facilitating synergic system for rehabilitation follow-up process</li> <li>4. Collaborate with ICSC staff, Study House staff, and Field Staff in managing data and cases.</li> <li>5. Making monthly progress report of facilitated child</li> </ol>
6.	Education Staff and Assistant	Duties: <ol style="list-style-type: none"> <li>1. Arranging and coordinating scholarship for street children</li> <li>2. Arranging and coordinating school meeting with school board</li> <li>3. Facilitating tutorial for street children</li> <li>4. Facilitating drawing activities</li> <li>5. Facilitating visual-photography workshop</li> <li>6. Making media for communication, information, and education</li> <li>7. Making and managing bulletin</li> <li>8. Making monthly report of educational program</li> </ol>

No.	Position	Job Description
7.	Shelter and study house Staff and Assistant	Duties: <ol style="list-style-type: none"> <li>1. Operational of shelter and study house</li> <li>2. Accompanying child in the shelter and study house</li> <li>3. Facilitating activities and services that available in the shelter and study house</li> <li>4. Mediation of child services</li> <li>5. Facilitating income generating for the child</li> <li>6. Cases treatment in shelter or study house</li> <li>7. Monthly report of shelter/study house activities</li> </ol>
8.	Street Field Staff	Duties: <ol style="list-style-type: none"> <li>1. Mapping the condition of female street children and its community</li> <li>2. Facilitating community meeting</li> <li>3. Routine street accompanying</li> <li>4. Making street-based progress report about street children and its community</li> <li>5. Program development (need-assessment application)</li> <li>6. Home visit</li> <li>7. Case treatment</li> <li>8. Making monthly report of street field activities and condition</li> </ol>

### 3. Third Period (September 2002 – February 2003)



The authorities and duties of Director, First Vice-Director, and Second Vice Director were still the same like the authorities and duties in second period. The different was, the activity of bases is not personal responsibility (represented by staff position). During the second period, it seems that each staff is running the duties by him/herself without cooperating with other staffs, whereas it needs teamwork to run the program for maximizing the accompanying process. That is why started in the third period the responsible from bases activity hold by base coordinators, which one base can involve some different activities. Lack of human resources made one person involved in more than one position, such as director who is also involved in the center base, first vice-director is involved in street base, and second vice-director involved in community base. Detail job description is explained below:

No.	Base	Job Description
1.	Civil works (consist of 3 persons)	<ol style="list-style-type: none"> <li>1. Office operational</li> <li>2. Relation with other parties</li> <li>3. Report making</li> <li>4. Database making and documentation</li> <li>5. Facilitating of coordination, sharing, and discussion</li> </ol>
2.	Street-base (consist of 1 person)	<ol style="list-style-type: none"> <li>1. Mapping of female street children for twice</li> <li>2. Street accompanying for teenage community in area: Malioboro, Jalan Solo, railway-station, and Alun-alun (city square)</li> <li>3. Street literacy in area: Gramedia store street junction, Pingit, IAIN-Sunan Kalijaga T-junction, and Condong-catur street junction</li> <li>4. Facilitating teenage peer-group meeting and coordinating to develop children organization</li> <li>5. Coordination and collaboration with center base in running workshop for teenage</li> </ol>
3.	Center-base (consist of 3 persons)	<ol style="list-style-type: none"> <li>1. Services: <ul style="list-style-type: none"> <li><input type="checkbox"/> Medical</li> <li><input type="checkbox"/> Counseling</li> <li><input type="checkbox"/> Scholarship</li> <li><input type="checkbox"/> Workshop: <ul style="list-style-type: none"> <li>• Health (twice a year)</li> <li>• Life skill</li> </ul> </li> <li><input type="checkbox"/> Children library</li> <li><input type="checkbox"/> Link to other institutions</li> </ul> </li> <li>2. Media:</li> </ol>

		<ul style="list-style-type: none"> <li><input type="checkbox"/> Bulletin</li> <li><input type="checkbox"/> Communication, Information, and Education media</li> <li>3. Expression media <ul style="list-style-type: none"> <li><input type="checkbox"/> Drawing</li> <li><input type="checkbox"/> Music playing</li> <li><input type="checkbox"/> Visual workshop</li> </ul> </li> <li>4. Drop-in-Center operational <ul style="list-style-type: none"> <li><input type="checkbox"/> Computer literacy for kids</li> <li><input type="checkbox"/> Cooking</li> <li><input type="checkbox"/> Provide educational toys for kids</li> <li><input type="checkbox"/> Study group</li> <li><input type="checkbox"/> Drop-in-Center operational</li> <li><input type="checkbox"/> Exhibition of child's work</li> </ul> </li> <li>5. Shelter and study house operational <ul style="list-style-type: none"> <li><input type="checkbox"/> Providing basic need</li> <li><input type="checkbox"/> Facilitating child's peer-group meeting</li> <li><input type="checkbox"/> Facilitating "coretan dinding" (child's handwritten that write on the paper that stucked to the house wall)</li> <li><input type="checkbox"/> House operational</li> <li><input type="checkbox"/> Exhibition of child's work</li> </ul> </li> <li>6. Income generating for teenage female street children <ul style="list-style-type: none"> <li><input type="checkbox"/> Pre-vocational courses: <ul style="list-style-type: none"> <li>• Sewing</li> <li>• Handicraft</li> </ul> </li> </ul> </li> </ul>
4.	Community-base (consist of 2 persons)	1. Children study club in 4 areas, each ones a week. Starting recognizes society condition surrounding child's home and trying to

		<p>cooperate with other related parties that has concerned to the child.</p> <ol style="list-style-type: none"> <li>2. Facilitating family meeting in 4 areas, each twice a week using economic and non-economic approach.</li> <li>3. Facilitating monthly family community meeting</li> <li>4. Facilitating monthly children community meeting</li> <li>5. Facilitating income generating for the street children family using gradually credit union</li> <li>6. Coordination and collaboration with center base in running workshop for children</li> </ol>
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January – February 2003 is the ending period of second executive period, the director position was replaced from A. Dian Santi to M.I. Banu Apriasti, that technically have been work since March 2003. Under the new director, new organizational have not been made, yet. The fix executives are only Director and Administrator, while others become volunteers with compensations based on the quantities of job that have been done.

### 3.3.2.2. Financial Data

Until 2003, financial report in Indriya-nati Foundation still cannot describe holistic financial condition inside the organization. The transaction journals have been made monthly, but some transactions were untraceable from which donors and for what programs. In the purpose of the research, the financial data that primary examined is the financial data in year 2001 as

starting point for analysis. Below are some financial data of Indriya-nati Foundation recorded by financial administrator in 2001. The financial data consist of income data, expenses data, and equipment and supplies data.

### 3.3.2.2.1. Income Data

Primary income resources for Indriya-nati Foundation come from the donation and also income from bank interest. It represented in table 3.1., table 3.2., table 3.3., and table 3.4.

**Table 3.1.** Estimated Income of Indriya-nati Foundation for period February-November 2001.

Estimated Income of Indriya-nati Foundation for period February-November 2001				
No.	Explanation	Source and Estimated Amount		
		Yanti Foundation	ADB	Non-Funded
1.	Fund from Indriya-nati			500.000,00
2.	Cash from Yanti Foundation	1.365.000,00		
3.	Transfer of fund	50.981.664,00		
4.	Scholarship fund of 1st period	7.800.000,00		
5.	Fund for leaflet & bulletin	1.500.000,00		
6.	Transfer of fund:			
	a. First period		143.112.500,00	
	b. Second period		41.010.040,00	
7.	Interest income			
	a. BNI			340.430,00
	b. BNI Giro			797.480,00
	c. BII			576.423,00
	d. Niaga			739.360,21
8.	Saving from program activities			
	a. Yanti Foundation			1.223.200,00
	b. Asian Development Bank			21.186.090,00
9.	Donation from Executive			
	a. Setvorini			820.000,00
	b. Diah Nur Eko Sari			750.000,00
	c. Maharanie Suryaningsih			1.300.000,00
	d. Danang Aji Prasetyo			1.300.000,00
	e. A. Andi Sutejo			1.300.000,00
	f. I. A. Wiwit Wahyuni			500.000,00
	g. M. I. Banu Apriasti			1.600.000,00
	h. Kristanto Budi Nugroho			2.955.000,00
	i. Tarsisia Prihastuti			2.550.000,00
	j. A. Dian Santi			4.230.000,00
10.	Unrestricted Donation			2.225.000,00
11.	Fundraising			37.000,00
12.	Payment of Account Receivable			750.000,00
	<b>Total</b>	<b>61.646.664,00</b>	<b>184.122.540,00</b>	<b>45.679.983,21</b>



**Table 3.2.** Income from Bank Interest of Indriya-nati Foundation for period February-November 2001.

Income from Bank Interest For period February-November, 2001				
Date	BNI	BNI Giro	BII	NIAGA
15/02/01	33.540,00			
28/02/01			27.453,00	
15/03/01	34.920,00			
30/03/01			14.163,00	
12/04/01	39.790,00			
30/04/01			2.064,00	
15/05/01	17.480,00			
31/05/01			88.552,00	
29/06/01			274.989,00	
31/07/01		298.630,00	119.121,00	39.554,88
31/08/01		172.090,00	7.689,00	345.100,00
30/09/01		116.470,00	8.629,00	273.119,35
15/10/01	173.840,00			
31/10/01		59.330,00	33.768,00	81.585,98
15/11/01	40.680,00			
30/11/01		150.960,00		
<b>Total</b>	<b>340.250,00</b>	<b>797.480,00</b>	<b>576.428,00</b>	<b>739.360,21</b>

**Table 3.3.** Unrestricted Donation of Indriya-nati Foundation for period February-November 2001.

Unrestricted Donation for period February-November 2001		
Date	Source	Amount
31/05/01	Radio Netherland	500.000,00
31/05/01	Ny. Twie Giok	500.000,00
06/06/01	NN	500.000,00
06/06/01	Doni	250.000,00
06/06/01	Nyoman	25.000,00
20/07/01	Chikako	300.000,00
25/07/01	Riau Student Group	50.000,00
09/08/01	NN	100.000,00
	<b>Total</b>	<b>2.225.000,00</b>

	Kristanto	Prihastuti	Dian
			300.000,00
		300.000,00	
	250.000,00		
	45.000,00	45.000,00	50.000,00
		45.000,00	
		750.000,00	1.000.000,00
	750.000,00	300.000,00	750.000,00
	500.000,00	165.000,00	100.000,00
	135.000,00		
	65.000,00	450.000,00	370.000,00
	500.000,00		
	450.000,00	165.000,00	500.000,00
	65.000,00		
	65.000,00	165.000,00	370.000,00
	65.000,00	165.000,00	370.000,00
			50.000,00
	65.000,00	165.000,00	370.000,00
	<b>2.955.000,00</b>	<b>2.715.000,00</b>	<b>4.230.000,00</b>

### 3.3.2.2.2. Expenses Data

Indriya-nati Foundation records expenses and reported to donors, plus expenses from bank service charges and interest tax. It represented in table 3.5. and table 3.6.

**Table 3.5.** Estimated Expenses of Indriya-nati Foundation for period February-November 2001

Estimated Expenses of Indriya-nati Foundation For period February-November 2001		
No	Source	Estimated Amount
1.	Yanti Foundation	58.481.557,00
2.	Asian Development Bank	137.732.589,20
3.	Operational of Indriya-nati	33.380.156,00
4.	Children Day	4.804.991,00
5.	Bank administration & interest tax:	
	a. BNI	37.500,00
	b. BNI Giro	209.520,00
	c. BII	23.000,00
	d. Niaga	17.910,97
	<b>Total</b>	<b>234.687.224,17</b>

**Table 3.6.** Bank Service Charges and Interest Tax of Indriya-nati Foundation for period February-November 2001

Bank service charges and interest tax For period February-November, 2001				
Date	BNI	BNI Giro	BII	NIAGA
15/02/01	2.000,00			
20/02/01			2.000,00	
15/03/01	2.000,00			
30/03/01			2.000,00	
12/04/01	2.000,00			
30/04/01			2.000,00	
15/05/01	2.000,00			
15/05/01	2.500,00			
31/05/01			2.000,00	
29/06/01			2.000,00	
31/07/01		59.730,00	2.000,00	7.910,97
31/07/01		10.000,00		2.500,00
31/08/01		34.420,00	2.000,00	2.500,00
31/08/01		10.000,00		
14/09/01			2.500,00	
30/09/01		23.300,00	2.000,00	2.500,00
30/09/01		10.000,00		
12/10/01			2.500,00	
15/10/01	22.500,00			
31/10/01		11.870,00	2.000,00	2.500,00
31/10/01		10.000,00		
15/11/01	2.000,00			
15/11/01	2.500,00			
31/11/01		30.200,00		
31/11/01		10.000,00		
<b>Total</b>	<b>37.500,00</b>	<b>209.520,00</b>	<b>23.000,00</b>	<b>17.910,97</b>

### 3.3.2.2.3. Equipment and Supplies Data

The recorded equipment and supplies data were given column for depreciation record, but the depreciation of equipment was not calculated. Still, there are unclear criteria in defining equipment and supplies. The data are given below in table 3.7. and table 3.8.

**Table 3.7.** Equipment Data of Indriya-nati Foundation for period ended December 2001

Equipment Data For period ended December, 2001						
No.	Name	Quantity	Transaction Date	Price	Depreciation	Source
1	Computer	1	1998			TdH, Germany
2	Computer	1	July, 2001			JFPR-ADB
3	Computer	1	July, 2001			JFPR-ADB
4	Scanner "Astra 2000P"	1	July, 2001			JFPR-ADB
5	Printer "Canon BJC-1000SP"	1	July, 2001			JFPR-ADB
6	Modem	1	July, 2001			JFPR-ADB
7	Bed	3	August, 2001			JFPR-ADB
8	Wardrobe	5	August, 2001			JFPR-ADB
9	Living room furniture	1 set	August, 2001			JFPR-ADB
10	Desk	2	August, 2001			JFPR-ADB
11	Furniture	1 set	August, 2001			JFPR-ADB
12	Dining room table	1	August, 2001			JFPR-ADB
13	Book cabinet	1	August, 2001			JFPR-ADB
14	Storeroom cabinet	1	August, 2001			JFPR-ADB
15	Filling cabinet "Lion"	1	1998			TdH, Germany
16	Filling cabinet "Brother"	1	August, 2001			JFPR-ADB
17	Cabinet "Brother"	1	August, 2001			JFPR-ADB
18	Small desk	4	August, 2001			JFPR-ADB
19	Computer	1	Sept, 2001	Rp2.000.000		JFPR-ADB

**Table 3.8.** Supplies Data of Indriya-nati Foundation for period ended December 2001

Supplies Data for period ended December, 2001					
No.	Name	Quantity	Transaction Date	Price	Source
1	Mixer	1			Yanti Foundation, Dutch
2	Blender	1			Yanti Foundation, Dutch
3	Blender	1			Yanti Foundation, Dutch
4	Batik tools	1			Yanti Foundation, Dutch
5	Screen	1			Yanti Foundation, Dutch
6	Kitchen tools	1			Yanti Foundation, Dutch
7	Chairs	12			JFPR-ADB
8	Oven	1			PKPM-Atmajaya

Financial administrator provided the data collected to get information about the financial data. There are no financial data that prohibited for the

public. The purpose of data gathering is to support the research and with no intention to misconduct the data except for scientific matters.

### 3.3.2.3. Accounting Treatment Data

The most often transactions that happened in Indriya-nati Foundation was transactions for running the programs held by the foundation. The programs are divided into three kinds of projects. The first project is the project that donated by Yanti Foundation (Dutch), the second project is project donated by Asian Development Bank (Japan), and the third is the project that is independently donated by Indriya-nati Foundation. The detail project activities are given in table 3.9.

**Table 3.9.** List of Project Activities of Indriya-nati Foundation for period January-December 2001.

<b>List of Project Activities Indriya-nati Foundation January-December 2001</b>		
<b>Donated by</b>	<b>Activity Code</b>	<b>Explanation</b>
Yanti	I.1	Telephone bill
Yanti	I.2	Internet bill
Yanti	I.3	Salaries of coordinator
Yanti	I.4	Stationery
Yanti	I.5	Postage
Asian Dev. Bank	I.A	Renting Drop in Center
Asian Dev. Bank	I.B	Renting shelter
Asian Dev. Bank	I.C	Drop in Center Facilities
Asian Dev. Bank	I.D	Shelter Facilities
Yanti	II.a	Garbage bill
Yanti	II.b	Electricity bill
Yanti	II.c	Water bill
Yanti	II.d	Snack for weekly meeting
Yanti	II.e	Basic need for food
Yanti	II.f	Volunteers' transportation expense
Yanti	II.g	Newspaper bill
Yanti	II.h	Documentation

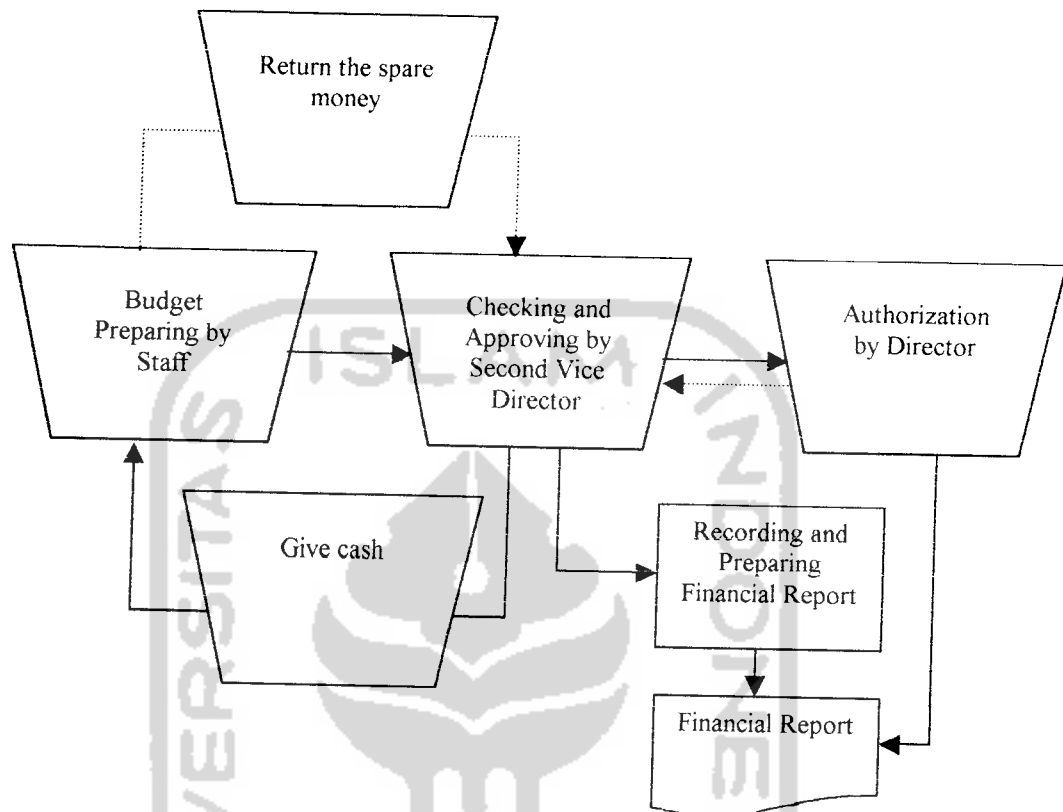
Yanti	II.i	Sanitation
Yanti	II.j	Equipment
Yanti	II.k	Medical tools
Asian Dev. Bank	IIA	Computer, printer, and scanner
Asian Dev. Bank	IIB	Filing cabinet
Yanti	III.a	Recreation
Yanti	III.b	Swimming activities
Yanti	III.c	Self-reflection activities
Asian Dev. Bank	IIIA	Project preparation
Asian Dev. Bank	IIIB	Capacity building for volunteers
Asian Dev. Bank	IIIC	Workshop
Asian Dev. Bank	IIID	Monthly meeting
Asian Dev. Bank	IV	Consulting services
Yanti	IV.a	Recycle workshop
Yanti	IV.b	"Batik" workshop
Yanti	IV.c	Exhibition and discussion
Yanti	V.	Scholarship
Asian Dev. Bank	VA1	Mapping of street children
Asian Dev. Bank	VA2	Sal. of accompanying prog. staff
Asian Dev. Bank	VA3	Community meeting
Asian Dev. Bank	VA4	Comm., inform. & educ. media
Asian Dev. Bank	VB1	Workshop about health
Asian Dev. Bank	VB2	Health service
Asian Dev. Bank	VB3a	Salaries of counselor
Asian Dev. Bank	VB3b	Documentation
Asian Dev. Bank	VB3c	Locker
Asian Dev. Bank	VB3d	Teenage group meeting
Asian Dev. Bank	VC1	Tuition fee
Asian Dev. Bank	VC2	School registration
Asian Dev. Bank	VC3	School kit
Asian Dev. Bank	VC4	Tutorial
Asian Dev. Bank	VC5	Activities with school
Asian Dev. Bank	VD1	Salaries of vocational train. staff
Asian Dev. Bank	VD2	Reading, counting & writing activ.
Asian Dev. Bank	VD3	Bulletin publishing
Asian Dev. Bank	VD4	Life skill workshop
Asian Dev. Bank	VD5	Drawing workshop
Asian Dev. Bank	VD7	Music tools
Asian Dev. Bank	VD8	Music exercise
Asian Dev. Bank	VD9	Basic tools of voc. training
Asian Dev. Bank	VE	Income generating
Asian Dev. Bank	VF1	Repairing expense for DiC
Asian Dev. Bank	VF2	Drop in Center operational expense
Asian Dev. Bank	VF3	Drop in Center security
Asian Dev. Bank	VF4	Salaries of Drop in Center staff
Asian Dev. Bank	VG1	Shelter operational expense

Asian Dev. Bank	VG2	Repairing expense for shelter
Asian Dev. Bank	VG3a	Basic need for food
Asian Dev. Bank	VG3b	Basic need for menstruation
Asian Dev. Bank	VG3c	Basic need for bed cover
Asian Dev. Bank	VG3d	Basic need for medical drugs
Asian Dev. Bank	VG3e	Basic need for underwear
Asian Dev. Bank	VG3f	Basic need for sanitation
Asian Dev. Bank	VG4	Shelter security
Asian Dev. Bank	VG5	Salaries of shelter staff
Asian Dev. Bank	VH	Administrative matters
Asian Dev. Bank	VI	Salaries of coordinator
Yanti	VI.a	Monthly discussion
Yanti	VI.b1	Activities with ANANDA MARGA
Yanti	VI.b2	Activities for Children Day
Yanti	VI.b3	Activities with GMU Medical Fac.
Yanti	VI.b4	Neighborhood social activities
Yanti	VII.a	Project monitoring and evaluating
Yanti	VII.b	Reporting expense
Asian Dev. Bank	VIII	Bank account
Yanti	VIII.	Miscellaneous expense
Asian Dev. Bank	VJ	Salaries of administrative staff
Indriya-nati	X.	Other non-project activities

The explanations of the treatment of transactions are:

1. Indriya-nati Foundation uses cash transactions in most of all transactions that are done for running the projects' activities explain above. The cash outflow procedures are given in figure 3.1.

Figure 3.1. Cash Outflow Procedure



The explanation:

- a. The person or staff who are responsible for certain activities prepare budget proposal for the activities, and give the proposal to the second vice director for approval.
- b. Second vice director checks the budget proposal and does some revisions for some items that are not approved. Approval of a budget is depends on the estimation made by second vice director based on standard market price and maximum budget for each project activity.
- c. Second vice director approves the budget with the authorization from the director. After the budget authorized by the director, the



budget returned to the second vice director. Then, the second vice director give cash to the staff.

- d. After certain activities had executed, the staff returned any spare money to the second vice director and second director will record that as cash receipt.
  - e. Second vice director prepared financial report of the transactions
  - f. Then, the financial report authorized by director
2. Some activities made by Indriya-nati Foundation need to have equipments. The equipments are used to facilitate the project, and then after the project the equipments become fixed assets of Indriya-nati Foundation. Indriya-nati Foundation bought some of the equipments and other institution give some equipments. The accounting treatment for equipment depreciation that was done in June 2000 used straight-line method. The data are given in table 3.10.

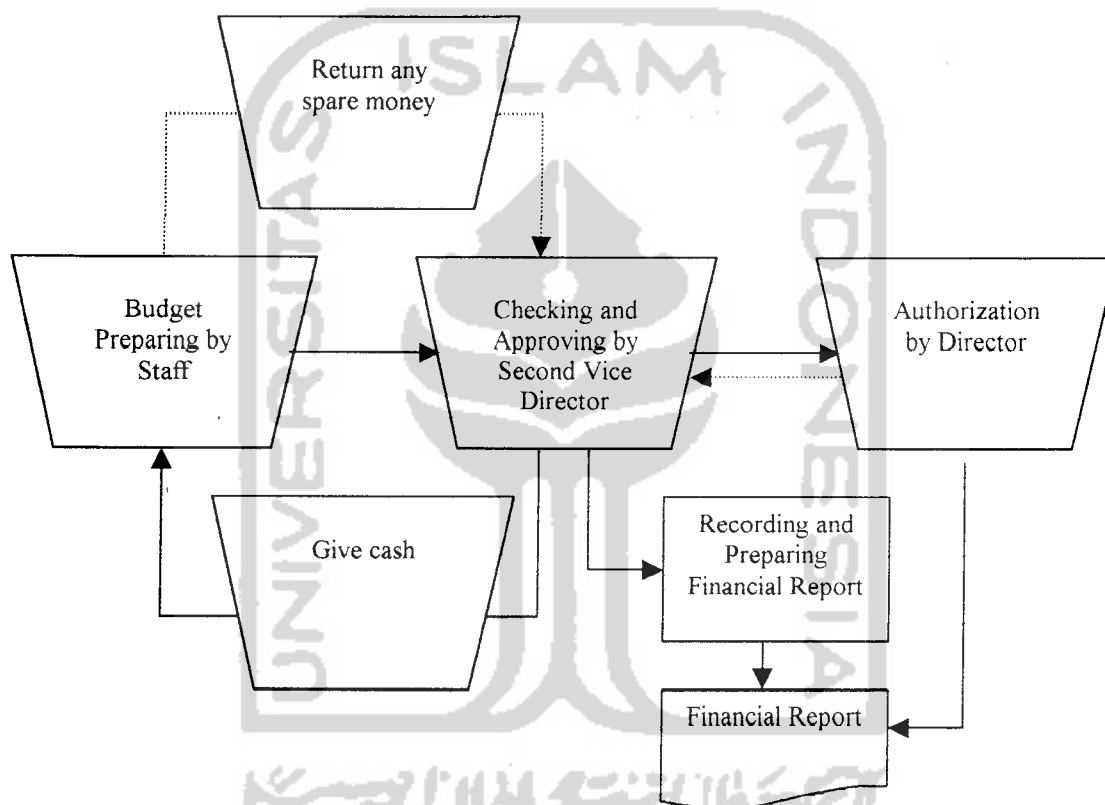
**Table 3.10.** Depreciation Table of Indriya-nati Foundation for period ended June 2000

Depreciation Table  
for period ended June 2000

No.	Name	Cost	Transaction Date	Beneficial period	Depreciation	Accumulated Depreciation	Book Value
1.	Computer	Rp 8.150.000	Nov '98	8 years	Rp 1.018.750	Rp 5.433.333	Rp 6.452.083,33
2.	Table and rack	Rp 1.250.000	Nov '98	8 years	Rp 156.250	Rp 833.333	989.583,33
3.	File Cabinet	Rp 600.000	Sep '98	8 years	Rp 75.000	Rp 393.750	468.750,00
4.	Wood locker	Rp 900.000	Oct '99	3 years	Rp 300.000	Rp 375.000	675.000,00
5.	Display rack	Rp 500.000	Sep '99	5 years	Rp 100.000	Rp 316.667	416.666,67
6.	Seving machine	Rp 375.000	Aug '99	5 years	Rp 75.000	Rp 231.250	306.250,00
7.	Sewing machine	Rp 500.000	Oct '99	5 years	Rp 100.000	Rp 325.000	425.000,00
8.	Small cupboard	Rp 350.000	Sep '99	3 years	Rp 116.666,67	Rp 136.111	252.777,78
9.	Book shelf	Rp 75.000	May '99	3 years	Rp 25.000	Rp 20.833	45.833,33
	Total	Rp 12.700.000			Rp 1.966.667	Rp 8.065.278	Rp 10.031.944,44

Second vice director, which held the position in February 2001 did not continue to record the depreciation for the equipment above. The procedures for purchasing equipments are in two types; the first type is shown in figure 3.2.

**Figure 3.2.** Cash outflow procedure for purchasing equipment (first type)



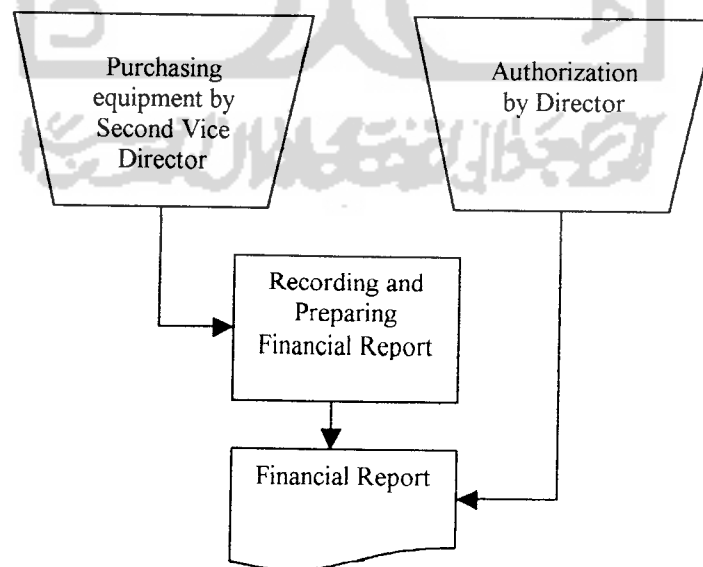
The explanation:

- a. The person or staff who are responsible for purchasing equipment prepare budget proposal for the activities, and give the proposal to the second vice director for approval.
- b. Second vice director checks the budget proposal and does some revisions for some items that are not approved. Approval of a budget is depends on the estimation made by second vice director

- based on standard market price and maximum budget for equipment.
- c. Second vice director approves the budget with the authorization from the director.
  - d. After the budget authorized by the director, the budget returned to the second vice director. Then, the second vice director give cash to the staff.
  - e. After certain activities had executed, the staff returned any spare money to the second vice director and second director will record that as cash receipt.
  - f. Second vice director prepare financial report of the transactions
  - g. Then, the financial report authorized by director

The second type is shown in figure 3.3. below,

**Figure 3.3.** Cash outflow procedure for purchasing equipment (second type)



The explanation:

- a. Budget cost for equipment is written in approved proposal. Then the second vice director, as financial administrator uses the budget cost as a guide to purchase equipments.
  - b. Purchasing activities are done by second vice director
  - c. Second vice director prepare financial report of the transactions
  - d. Then, the financial report authorized by director
3. Account payable often happened in transactions that are related to medical services. Indriya-nati Foundation has collaborations with Pant Rapih Hospital and Griya Lentera Clinic about medical service for female street children. Griya Lentera Clinic, which is located in Pasar Kembang prostitution area, is specialized in handling reproduction health problems. Account payable usually occurs for medical services given by Pant Rapih Hospital. The procedures for patients from Indriya-nati Foundation to access medical services in Pant Rapih Hospital are:
- a. Female street children who have health problems are given notes from Indriya-nati Foundation that are authorized by Drop-in-Center staff, which ascertain that the related female street children are truly accompanied by Indriya-nati Foundation. Then, the notes are shown to administrative staff in Pant Rapih Hospital.
  - b. The costs for medical service are usually paid after Pant Rapih Hospital sends the bill to Indriya-nati Foundation. The bills are usually sent by Pant Rapih Hospital within 30 days after the

medical service transactions. Hence, Indriya-nati Foundation often did not know how much account payable they have to pay to Panti Rapih Hospital until Indriya-nati Foundation receives the bills. Second vice director, as financial administrator did not record account payable that the foundation has with Panti Rapih Hospital. Account payable that was recorded by financial administrator was account payable related with salaries for staff or working compensation for volunteers.

4. The record of account receivable often was not complete. Then, Indriya-nati Foundation did not know the amount of their account receivable.
5. Indriya-nati Foundation did not have standardized financial statement such as in Financial Accounting Standard Statement No.45 about Financial Statement of Not-for-Profit Organizations that validated in December 23, 1997 by The Associations of Indonesian Accountant (Ikatan Akuntan Indonesia).

### **3.4. Research Instrument**

The research construction implements the following instruments:

### *1. Observation*

The objective of observation is to monitor the subject research activities-such as record analysis, physical condition analysis, and others-in order to gather the data needed. The nature of subject's research must not be affected during the observation process.

The observation process is directly conducted in Indriya-nati Foundation by recording the physical condition of Indriya-nati Foundation and recording the accounting process. Beside the recording process, the data gathering process is also conducted through interview and discussion.

### *2. Interview and Discussion*

The objective of interview and discussion is to obtain competent data directly from the subject, in purpose of getting comprehensive overview of research focus. The interview is done by setting up some questions to be asked to the financial administrator, Mrs. Tarsisia Prihastuti. The interview was also done to the director of Indriyanati Foundation, Ms. M.I. Banu Apriasti, as a competent person concerning the recognition of accounting treatment in Indriya-nati Foundation. The purpose of the interview is to get a clear and comprehensive description, and to obtain some better understanding about accounting treatment of not-for-profit organization in the field.

The discussion is done by sharing knowledge with others, as the partner of discussion.

### 3.5. Research Variables

1. Dependent Variable:
  - a. The accounting treatment
  - b. The financial statement and disclosures
2. Independent Variable of this research is the Financial Accounting Standard, Statement No.45 about Financial Statement of Not-for-Profit Organizations

### 3.6. Research Procedures

The research procedures began with *preliminary research procedure*. Preliminary research procedure concerned with the first investigation in searching the not-for-profit organization, which could be observed and provide sufficient data. Then, the researcher attempted to contact Indriya-nati Foundation.

After doing the preliminary procedure, the investigation was then conducted. The next step was data gathering process by doing some observations, interview, and discussion with the people who meet the research's criteria.

Then, the data and findings are elaborated. After the data gathering process is complete, the next step is comparing the data with the given standards through the technique of data analysis.

### 3.7. Technique of Data Analysis

In this research, relationship between variables is analyzed using *qualitative technique*. In order to compare and evaluate the practical conduct of accounting treatment of fund in Indriya-nati Foundation with the Financial Accounting Standard, Statement no.45 about Financial Statement of Not-for-Profit Organizations, the qualitative techniques are chosen. Qualitative techniques are based on fundamental approach of observation of a case study to get accurate analysis in research, specifically in describing and giving in-depth explanation on the fact and phenomenon that happened.

After the observation, the data needed are obtain, then the process of data analysis is maintained through a set of activities below:

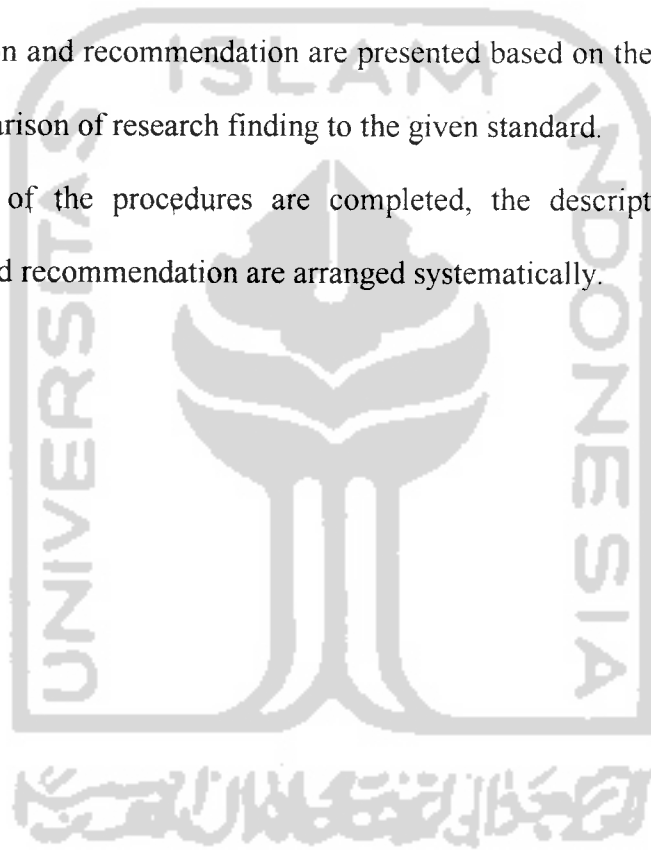
1. Identifying and classifying the data based on each characteristic and category of dependent variable and independent variable, in order to explain the relationship between variable for data analyses. Dependent variables consist of accounting treatment, financial statement and disclosures, while independent variable in this research is Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organizations.
2. After identifying and classifying process is done, the accounting and reporting process executed in Indriya-nati Foundation are observed.
3. Evaluation of accounting treatment is given through description or explanation on the definition, recognition, measurement, reporting



process, and disclosure based on research finding in the field, and literature study.

4. Comparing the actual accounting treatment with the regulation in accounting standard. Several findings that appear from the comparison of the data and variables are then analyzed.
5. Conclusion and recommendation are presented based on the analysis after the comparison of research finding to the given standard.

After all of the procedures are completed, the description, analysis, conclusion and recommendation are arranged systematically.



## CHAPTER IV

### Data Analysis and Preparation of Financial Statement

#### 4.1. Introduction

Data analysis and the preparation of financial statement from this research are explained in this chapter. The analysis focuses on general data, financial data and accounting treatment data presented in the previous chapter.

#### 4.2. Data Analysis

Based on the general data, financial data and accounting treatment data in the year 2001, the research found that:

- a. The organizational structure that had changed until three times within two years (2001-2002) gives a description about the organization's stability. The structure that was not steady yet had influenced to the organizations' financial system. The priority of Indriya-nati Foundation is in the execution of the programs by doing some plans of activities to achieve the program's goal, but not specifically concern in financial matters. Financial report that was made by Indriya-nati Foundation is financial report intended for the donors, which contains the expense report and evidence in the spending the donors' donation.
- b. Indriya-nati Foundation has no appropriate accounting system, especially in control activities. Recording and custody functions are responsibility of single person, Second Vice Director.

- c. Indriya-nati Foundation has no clear criteria to categorize certain things as equipment or as supplies. It made Indriya-nati Foundation has no appropriate data on fixed assets.
- d. The depreciation for equipment that was done in June 2000 had inappropriate beneficial period. According to the Statement of Financial Accounting Standard, Statement No. 17 about Depreciation Accounting, beneficial period is the expected period of certain asset to be used by the organization; or the expected production quantity or similar unit to be obtained from the organization's asset. Beneficial period data reported by Indriya-nati Foundation in the previous chapter did not reflect proportional expected period of assets to be used by the organization.
- e. Indriya-nati Foundation only recorded cash-in and cash-out transaction without recording account payable and account receivable in their bookkeeping.
- f. Indriya-nati Foundation did not do depreciation treatment for fixed assets in the year 2001.
- g. Indriya-nati Foundation has no appropriate data about account payable, because not all account payable transactions were recorded. Technically, financial administrator did not put specific column to record account payable.
- h. Indriya-nati Foundation has no appropriate data about account receivable, because not all account receivable transactions were

recorded. Technically, financial administrator did not put specific column to record account receivable.

- i. Indriya-nati Foundation did not follow standardized Financial Statement of Not-for-Profit Organization that was regulated in Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organization, which was issued by The Association of Indonesian Accountant (*Ikatan Akuntan Indonesia*).

#### **4.3. Preparation of Financial Statement**

Based on the evaluation, it is obvious that Indriya-nati Foundation should have appropriate accounting treatment. Financial statement that describes the internal condition of Indriya-nati Foundation becomes a crucial thing to do. It is necessary because Indriya-nati Foundation must think about its sustainability and reliability. At least, Indriya-nati Foundation should know exactly about its real liabilities and assets to calculate and predict sufficient fund for future activities.

The research proposes some steps that can be done by Indriya-nati Foundation to provide accurate accounting system and financial bookkeeping:

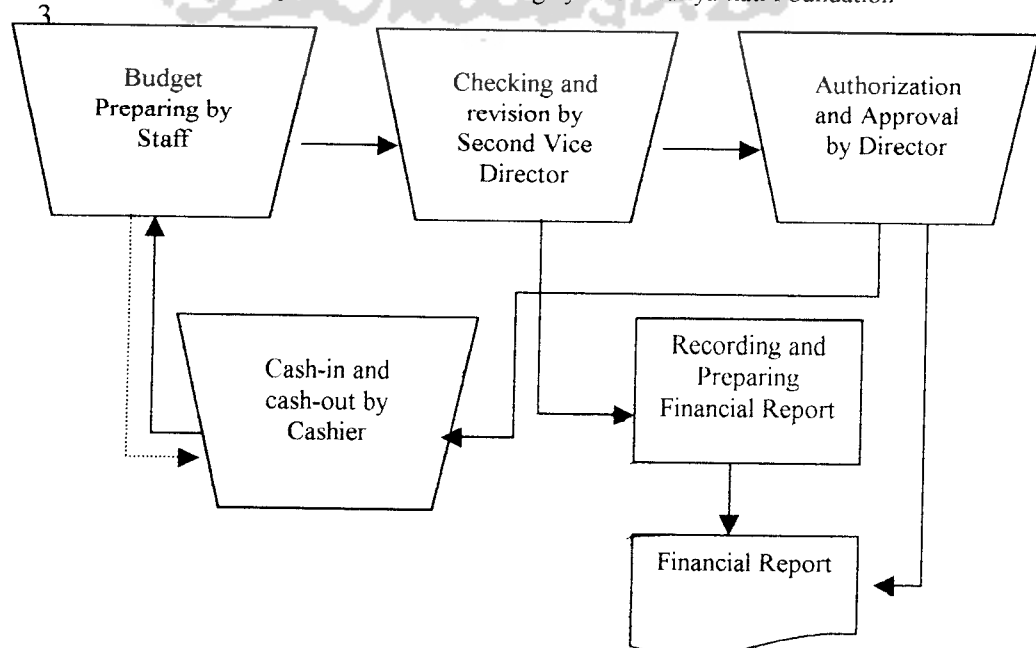
1. Indriya-nati Foundation should implement segregation of duties in its accounting system control. Romney and Steinbart (2000: 262) stated that effective segregation of duties when following functions separated:
  - a. Authorization – approving transactions and decisions

- b. Recording – preparing source documents, maintaining journals and ledgers, preparing performance report.
- c. Custody – handling cash, maintaining an inventory storeroom, writing checks on the organization’s bank account.

Then, Second Vice Director as financial administrator should not has duty in handle cash and inventory when it also has the duty in prepare source documents and reports. The segregation of duties is implemented to prevent falsifying records in transactions and assets. Indriya-nati Foundation should set-up position for person which specified to handle cash, maintain inventory, and write checks on the organization’s bank account.

2. Indriya-nati Foundation should implement new accounting procedure with segregation of duties. The proposed procedures for accounting cycle are explains in figure 4.1.

**Figure 4.1.** Proposed procedure for accounting cycle of Indriya-nati Foundation



The explanations:

1. The person or staff who are responsible for certain activities prepare budget proposal for cash disbursement activities, and give the proposal to the second vice director for approval.
2. Second vice director checks the budget proposal and does some revisions for some items that are not approved. Revision of a budget is depends on the estimation made by second vice director based on standard market price and maximum budget for each project activity.
3. Director approves and authorized the budget
4. After the budget authorized by the director, the approval of certain amount of cash given to cashier.
5. The cash given by cashier to the staff and recorded by cashier as cash disbursement. Cash disbursement also came from account payable and account receivable activities.
6. After certain activities had executed, the staff returned any spare money to the cashier and cashier will record it as cash receipt. Cash receipt also came from account payable and account receivable activities.
7. Second vice director prepare maintain source document and financial report of the transactions.

8. Then, the financial report authorized by director.
  
3. Indriya-nati Foundation can set-up simplified accrual basis bookkeeping as suggested in *Financial and Accounting Guide for Not-for-Profit*, Gross & Larkin, 1995, by using some books of:
  - a. General Journal, to put some entries that do not involve cash.
  - b. General Ledger, a book that contain separate page for each various asset, liability, income, and expense account.
  - c. Fixed Assets and Depreciation Ledger, a summary of all fixed assets and its depreciation.
  
4. Indriya-nati Foundation should set-up a chart of account. It will list all different accounts used by the organizations. The proposed chart of account for Indriya-nati Foundation after listing all the account used is explains in figure 4.2.

**Figure 4.2.** Proposed Chart of Account for Indriya-nati Foundation

Indriya-nati	
Kode Rekening	
1-0000	Aktiva
1-1000	Aktiva Lancar
1-1100	Kas dan Setara Kas
1-1111	Cek BNI
1-1121	Rekening BII
1-1122	Rekening BNI
1-1123	Rekening Bank Niaga
1-1130	Kas
1-1200	Piutang
1-1210	Piutang donor
1-1300	Piutang Lain-lain
1-1310	Piutang staf dan relawan
1-2000	Aktiva Tetap Berwujud
1-2100	Peralatan Elektronik
1-2101	Peralatan Elektronik
1-2102	Akumulasi Depresiasi Peralatan Elektronik
1-2200	Perabotan Mebel
1-2201	Perabotan Mebel
1-2202	Akumulasi Depresiasi Perabotan Mebel
1-2300	Peralatan Lain
1-2301	Peralatan Lain
1-2302	Akumulasi Depresiasi Peralatan Lain
1-3000	Aktiva Lain-lain
1-3100	Uang di staf
2-0000	Kewajiban
2-1000	Kewajiban Lancar
2-1100	Hutang
4-0000	Pendapatan
4-1000	Pendanaan Terikat Sementara
4-1101	Dana Proyek ADB
4-1102	Dana Proyek Yanti
4-1103	Dana Proyek PKPM
4-2000	Pendanaan Tidak Terikat
4-2101	Donasi Lepas
4-2102	Pendapatan dari aktivitas
4-3000	Pendapatan Lain-lain



**Figure 4.2.** Proposed Chart of Account for Indriya-nati Foundation

Indriya-nati	
Kode Rekening	
1-0000	Aktiva
1-1000	Aktiva Lancar
1-1100	Kas dan Setara Kas
1-1111	Cek BNI
1-1121	Rekening BII
1-1122	Rekening BNI
1-1123	Rekening Bank Niaga
1-1130	Kas
1-1200	Piutang
1-1210	Piutang donor
1-1300	Piutang Lain-lain
1-1310	Piutang staf dan relawan
1-2000	Aktiva Tetap Berwujud
1-2100	Peralatan Elektronik
1-2101	Peralatan Elektronik
1-2102	Akumulasi Depresiasi Peralatan Elektronik
1-2200	Perabotan Mebel
1-2201	Perabotan Mebel
1-2202	Akumulasi Depresiasi Perabotan Mebel
1-2300	Peralatan Lain
1-2301	Peralatan Lain
1-2302	Akumulasi Depresiasi Peralatan Lain
1-3000	Aktiva Lain-lain
1-3100	Uang di staf
2-0000	Kewajiban
2-1000	Kewajiban Lancar
2-1100	Hutang
4-0000	Pendapatan
4-1000	Pendanaan Terikat Sementara
4-1101	Dana Proyek ADB
4-1102	Dana Proyek Yanti
4-1103	Dana Proyek PKPM
4-2000	Pendanaan Tidak Terikat
4-2101	Donasi Lepas
4-2102	Pendapatan dari aktivitas
4-3000	Pendapatan Lain-lain

## 5-0000 Pengeluaran

- 5-1000 Pengeluaran kegiatan
  - 5-1101 Perlengkapan
  - 5-1102 Pengeluaran penyewaan alat
  - 5-1103 Pendampingan lapangan
  - 5-1104 Beasiswa
  - 5-1105 Fasilitas Drop-in-Center
  - 5-1106 Fasilitas Rumah Belajar/Shelter
  - 5-1107 Alat tulis kantor dan administrasi
  - 5-1108 Pertemuan reguler dampingan
  - 5-1109 Pertemuan internal staf dan relawan
  - 5-1110 Layanan medis
  - 5-1111 Kegiatan sosial masyarakat/relawan
  - 5-1112 Workshop
  - 5-1113 Dokumentasi
  - 5-1114 Perbaikan
  - 5-1115 Sewa
- 5-2000 Pengeluaran untuk staf dan relawan
  - 5-2101 Upah dan gaji
  - 5-2102 Kompensasi kerja
  - 5-2103 Bonus untuk staf dan relawan
- 5-3000 Utilitas
  - 5-3101 Pos
  - 5-3102 Telepon
  - 5-3103 Internet
  - 5-3104 Listrik
  - 5-3105 Air
  - 5-3106 Surat kabar
  - 5-3107 Sampah
- 5-4000 Pengeluaran non-proyek kontribusi Indriya-nati
- 5-5000 Pengeluaran lain-lain
- 5-6000 Depresiasi

## 6-0000 Pendapatan Lain

- 6-1000 Pendapatan Bunga BII
- 6-2000 Pendapatan Bunga BNI
- 6-3000 Pendapatan Bunga BNI Giro
- 6-4000 Pendapatan Bunga Bank Niaga
- 6-5000 Pendapatan Bunga Bank Lippo

## 7-0000 Pengeluaran Lain

7-1000	Pengeluaran Bunga BII
7-2000	Pengeluaran Bunga BNI
7-3000	Pengeluaran Bunga BNI Giro
7-4000	Pengeluaran Bunga Bank Niaga
7-5000	Pengeluaran Bunga Bank Lippo
7-6000	Administrasi Bank
8-0000	Kerugian Luar Biasa

5. Indriya-nati Foundation should make fixed asset register and depreciation schedule. Recording the fixed asset is one of the ways to get clear description about asset condition in Indriya-nati Foundation. Asset calculation is important to measure the sustainability of Indriya-nati Foundation by predicting future cost in providing social services to the public. Proposed depreciation method to be used is straight-line method with 25% depreciation per year for equipment with beneficial period of 4 years and 50% depreciation per year for equipment with beneficial period for 2 years. The proposed fixed assets register and depreciation schedule for Indriya-nati Foundation based on the data from previous chapter, year 2001 transactions, and consideration about proportional expected period of asset usage is explains in table 4.1.

Depreciation Schedule					
	2001	2002	2003	2004	2005
00	Rp 2.037.500	Rp 2.037.500 Rp 44.625	Rp 44.625	Rp 44.625	Rp 44.625
		Rp 1.687.500 Rp 1.687.500	Rp 1.687.500 Rp 1.687.500	Rp 1.687.500 Rp 1.687.500	Rp 1.687.500 Rp 1.687.500
		Rp 150.000 Rp 150.000	Rp 150.000 Rp 150.000	Rp 150.000 Rp 150.000	Rp 150.000 Rp 150.000
		Rp 75.000 Rp 69.500	Rp 75.000 Rp 69.500	Rp 75.000 Rp 69.500	Rp 75.000 Rp 69.500
		Rp 49.625 Rp 24.850	Rp 49.625 Rp 24.850	Rp 49.625 Rp 24.850	Rp 49.625 Rp 24.850
		Rp 500.000	Rp 500.000	Rp 500.000	Rp 500.000
000	Rp 150.000	Rp 150.000			
000	Rp 312.500	Rp 312.500			
000	Rp 37.500				
050	Rp 93.750	Rp 93.750	Rp 93.750		
000	Rp 125.000	Rp 125.000	Rp 125.000		
000	Rp 87.500	Rp 87.500	Rp 87.500		
000	Rp 225.000	Rp 225.000	Rp 225.000		
000	Rp 125.000	Rp 125.000	Rp 125.000		
		Rp 225.000	Rp 225.000	Rp 225.000	Rp 225.000
		Rp 693.750	Rp 693.750	Rp 693.750	Rp 693.750
		Rp 96.250	Rp 96.250	Rp 96.250	Rp 96.250
		Rp 118.750	Rp 118.750	Rp 118.750	Rp 118.750
		Rp 117.500	Rp 117.500	Rp 117.500	Rp 117.500
		Rp 150.000	Rp 150.000	Rp 150.000	Rp 150.000
		Rp 156.000	Rp 156.000	Rp 156.000	Rp 156.000
		Rp 50.000	Rp 50.000	Rp 50.000	Rp 50.000
		Rp 212.500	Rp 212.500	Rp 212.500	Rp 212.500
		Rp 200.000	Rp 200.000	Rp 200.000	Rp 200.000
		Rp 56.000	Rp 56.000		
		Rp 55.000	Rp 55.000		
		Rp 160.000	Rp 160.000	Rp 160.000	Rp 160.000

Notes for fixed asset register and depreciation schedule:

\*) The date used here is the assumption date proposed by this research, because there is no transaction evidence and the register done by the financial administrator only put the month and the year of transaction.

^) Beneficial period used here is 2 years, because the cost amount is below Rp 150.000,00 and the consideration of equipment durability.

6. Indriya-nati Foundation should make accrual entries for:

**a. Unpaid Bills**

Indriya-nati Foundation can trace amount of account payable easily using accrual entries for unpaid bills, then Indriya-nati Foundation can calculate the liabilities. The first step is by recording the amount of account payable when the bill comes to Indriya-nati Foundation. The example below is the bill of medical service from Panti Rapih Hospital that came on April 3, 2001 for the medical service given by Panti Rapih Hospital to Rina Rusmiyati (patient's name) in February 12, 2001. The record that should be made is:

<i>3 April 2001</i>	
<i>No. XXX</i>	
<i>Debit No. 5-1010 Layanan Medis.....</i>	<i>Rp 35.000,00</i>
<i>Kredit No. 2-1100 Hutang.....</i>	<i>Rp 35.000,00</i>
<i>(Deskripsi: Layanan medis RS Panti Rapih atas Rina Rusmiyati</i>	

*tanggal 12 Februari 2001)*

The bill was paid in May 30, 2001, the record that should be made is:

<i>30 Mei 2001</i>	
<i>No. XXX</i>	
<i>Debit No. 2-1100 Hutang.....</i>	<i>Rp 35.000,00</i>
<i>Kredit No. 1-1130 Kas.....</i>	<i>Rp 35.000,00</i>
<i>(Deskripsi: Layanan medis RS Panti Rapih atas Rina Rusmiyati tanggal 12 Februari 2001)</i>	

#### **b. Uncollected Incomes**

One of the elements for calculating asset is account receivable. Indriya-nati Foundation has the *piutang donor* (pledge receivables) as receivable account that come from core activities and *piutang lain-lain* (other receivables) that come from peripheral activities. That is why Indriya-nati Foundation should have a clear record about account receivable. The most common account receivable transaction occurred in Indriya-nati Foundation is account receivable from staffs or volunteers to Indriya-nati Foundation, which is included in other receivables. The following example is account receivable transaction on August 18, 2001 the amount of money is Rp 100.000,00, was borrowed by M.I. Banu Apriasti (Study House Staff). The entry that should be made is:

<i>18 Agustus 2001</i>	
<i>No. XXX</i>	
<i>Debit No. 1-310 Piutang staf dan relawan.....</i>	<i>Rp 100.000,00</i>
<i>Kredit No. 1-1130 Kas.....</i>	<i>Rp 100.000,00</i>
<i>(Deskripsi: Piutang oleh M.I. Banu Apriasti, staf rumah Belajar)</i>	

M.I. Banu Apriasti returned the money on August 22, 2001. The entry that should be made is:

<i>22 Agustus 2001</i>	
<i>No. XXX</i>	
<i>Debit No. 1-1130 Kas.....</i>	<i>Rp 100.000,00</i>
<i>Kredit No. 1-1210 Piutang staf dan relawan ...</i>	<i>Rp 100.000,00</i>
<i>(Deskripsi: Pembayaran piutang M.I. Banu Apriasti tanggal 8 Agustus 2001)</i>	

### c. Depreciation Expense

Depreciation of fixed asset can provide more real financial description about Indriya-nati Foundation. The depreciation can be done annually if depreciation is not a significant expense for Indriya-nati Foundation. The following example is wood locker purchased on October 1, 1999 with the cost of Rp 900.000,00 and the beneficial period for 4 years. Using straight-line method, the depreciation is Rp 225.000,00 per year every October 1. In October 1, 2001, the entry is:

<i>01 Oktober 2001</i>	
<i>No. XXX</i>	
<i>Debit No. 5-6000 Depresiasi.....</i>	<i>Rp 225.000,00</i>
<i>Kredit No. 1-1220 Akumulasi Depr.</i>	
<i>Perbt. Mebel.....</i>	<i>Rp 225.000,00</i>

7. Indriya-nati Foundation should have a clear financial statement that provides a clear information about financial condition in Indriya-nati Foundation, as a part of foundation's accountability to the public. The standardized financial statement is Financial Accounting Standard, Statement No. 45 about Financial of Not-for-Profit Organization regulated by The Association of Indonesian Accounting (*Ikatan Akuntan Indonesia*). Based on the financial data in the year 2001, rearranged and recalculated by the research, the presentation of Indriya-nati Foundation financial statement is shown in figure 4.3.



**Figure 4.3.** Financial Statement of Indriya-nati Foundation for period ended 31 December 2001

<b>Indriya-nati</b>		
<b>Laporan Posisi Keuangan</b>		
<b>31 Desember 2000 dan 2001</b>		
	<b>2001</b>	<b>2000</b>
<b>Aktiva:</b>		
Kas dan setara kas	70.245.296,28	12.924.793,00
Piutang	4.741.700,00	-
Peralatan	27.261.200,00	-
Akumulasi depresiasi peralatan	(3.193.750,00)	(3.193.750,00)
Uang di staff	876.314,00	-
<b>Jumlah aktiva</b>	<b>99.930.760,28</b>	<b>9.731.043,00</b>
<b>Kewajiban dan Aktiva Bersih</b>		
Hutang	3.578.400,00	5.652.850,00
<b>Jumlah Kewajiban</b>	<b>3.578.400,00</b>	<b>5.652.850,00</b>
<b>Aktiva Bersih:</b>		
Tidak terikat	96.352.360,28	-
Terikat Temporer (catatan B)	-	4.078.193,00
Terikat Permanen	-	-
<b>Jumlah Aktiva Bersih</b>	<b>96.352.360,28</b>	<b>4.078.193,00</b>
<b>Jumlah Kewajiban dan Aktiva Bersih</b>	<b>99.930.760,28</b>	<b>9.731.043,00</b>

	Terikat Permanen	Jumlah
<b>Proyek YANTI</b>		
60.134.029,00	-	255.242.605,25 994.750,00
(13.362.833,80)		
<b>46.771.195,20</b>		<b>256.237.355,25</b>
41.851.902,00		150.239.976,77
4.919.293,20		9.485.018,20
<b>46.771.195,20</b>		<b>159.724.994,97</b>
		159.724.994,97
		160.000,00
<b>46.771.195,20</b>		<b>159.884.994,97</b>
(2.134.515,00)		92.274.167,28
2.134.515,00		4.078.193,00
		<b>96.352.360,28</b>

<b>Indriya-nati</b> <b>Laporan Arus Kas</b> <b>Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2001</b>	
Aliran Kas dari Aktivitas Operasi	
Kas dari Pendapatan Jasa	994.750,00
Kas dari donasi lepas	129.336.548,05
Kas dari donasi terikat temporer	125.906.057,20
Kas dari piutang	2.060.000,00
Pendapatan lain-lain	159.029,00
Pendapatan bunga	2.891.657,00
Kas utk kompensasi kerja, upah & gaji	(34.384.700,00)
Hutang gaji yang dilunasi	(2.000.000,00)
Hutang lain-lain yang dilunasi	(1.956.550,00)
Pengeluaran bunga	(476.491,97)
Pengeluaran lain-lain	(831.295,00)
Biaya operasional program	(124.192.508,00)
Kas bersih utk aktivitas operasi	<b>97.506.496,28</b>
Aliran Kas dari Aktivitas Investasi	
Pembelian peralatan, elektronik dan mebel	<b>(27.261.200,00)</b>
Aktivitas Pendanaan Lain	
Pembayaran kewajiban tahunan	
Kas bersih yg diterima (digunakan) utk aktivitas peendanaan	
Kenaikan (penurunan) bersih dalam kas dan setara kas	57.320.503,28
Kas dan setara kas pd awal tahun	12.924.793,00
Kas dan setara kas pada akhir tahun	<b>70.245.296,28</b>
Rekonsiliasi perubahan dalam aktiva bersih menjadi kas bersih yang digunakan untuk aktivitas operasi:	
Perubahan dalam aktiva bersih	92.274.167,28
Penyesuaian untuk rekonsiliasi perubahan dalam aktiva bersih menjadi kas bersih yang digunakan untuk operasi	
Depresiasi	3.193.750,00
Kerugian akibat pencurian	160.000,00
Kenaikan piutang	(4.741.700,00)
Penurunan dalam hutang	(2.074.450,00)
Pemasukan bersih teralisasi dan belum terealisasi	8.694.729,00
<b>Kas bersih yang diterima (digunakan) untuk aktivitas operasi</b>	<b>97.506.496,28</b>

Notes to Financial Statement:

**Note A (Catatan A)**

Indriya-nati Foundations record cash and other assets as restricted support when the cash and asset received with donor stipulation that limit the use of the cash and asset. Donor restriction expires when the stipulated time restriction ends or purpose of restriction is accomplished – temporarily restricted net asset then is reclassified as unrestricted net asset. It is reported in the statement of activities as net assets released from restriction.

Indriyanati Foundation records equipment as unrestricted support, because there is no stipulation from the donors that specify how the donated equipment must be used.

**Note B (Catatan B)**

Temporarily restricted net asset of Indriya-nati Foundation in year 2001 is zero, because temporarily restricted net asset was reclassified as unrestricted net asset, because donor stipulation had expired.

**Note C (Catatan C)**

Indriya-nati Foundation has no support of assets that are categorized as permanently restricted net assets.

**Note D (Catatan D)**

Net assets were released from donor restriction by incurring expenses satisfying the purpose of Asian Development Bank Program and the expired time restriction by PKPM Atmajaya Program and Yanti Foundation Program.

Purpose restriction accomplished:

Asian Development Bank	Rp 104.987.678,00
------------------------	-------------------

Time restriction expired:

Yanti Foundation Program	Rp 13.362.833,80
--------------------------	------------------

PKPM Atmajaya Program	Rp 5.137.428,00
-----------------------	-----------------

Total restriction released	Rp 124.487.939,80
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**Note E (Catatan E)**

Indriya-nati Foundation has no investment in year 2001

**Note F (Catatan F)**

Expenses incurred were for:

Pengeluaran	Total	Proyek		Non-proyek Indriya-nati
		Yanti	ADB	
Perlengkapan	2.045.235,00	1.654.835,00	378.400,00	12.000,00
Pengeluaran penyewaan alat	253.150,00	87.500,00	15.650,00	150.000,00
Pendampingan lapangan	3.750.180,00	49.700,00	3.292.080,00	408.400,00
Beasiswa	15.016.533,00	8.475.333,00	5.248.000,00	1.293.200,00
Fasilitas Drop-in-Center	7.984.535,00	2.824.690,00	3.519.995,00	1.639.850,00
Fasilitas Rumah Belajar/Shelter	7.805.295,00	-	6.752.245,00	1.053.050,00
Alat tulis kantor dan adm.	4.340.091,00	1.670.190,00	1.872.861,00	797.040,00
Pertemuan reguler dampingan	978.510,00	406.685,00	571.825,00	-
Pertemuan int. staf dan relawan	1.717.475,00	486.650,00	335.650,00	895.175,00
Layanan medis	2.715.575,00	1.354.200,00	998.975,00	362.400,00
Kegiatan sosial masyarakat	4.310.336,00	896.275,00	3.143.186,00	270.875,00
Workshop	28.651.408,00	12.528.944,00	5.930.214,00	10.192.250,00
Dokumentasi	565.250,00	290.500,00	165.250,00	109.500,00
Perbaikan	1.458.050,00	543.900,00	883.450,00	30.700,00
Sewa	29.000.000,00	-	25.000.000,00	4.000.000,00
Bonus	4.300.000,00	-	-	4.300.000,00
Upah	24.442.500,00	7.542.500,00	16.900.000,00	-
Kompensasi kerja	5.642.200,00	3.040.000,00	1.215.000,00	1.387.200,00
Manajemen dan umum	9.485.018,20	4.919.293,20	2.912.081,00	1.653.644,00
Program kontribusi Indriya-nati	831.295,00	-	-	831.295,00
Depresiasi	3.193.750,00	-	-	3.193.750,00
Pengeluaran lain-lain	715.516,80	-	-	715.516,80
Bunga	523.091,97	-	-	523.091,97
<b>Total Pengeluaran</b>	<b>169.724.994,97</b>	<b>46.771.195,20</b>	<b>79.134.862,00</b>	<b>33.818.937,77</b>

## **CHAPTER V**

### **Conclusion and Recommendation**

#### **5.1. Introduction**

Conclusion and recommendation from this research are explained in this chapter. The first presentation is research conclusion in Indriya-nati Foundation and the second presentation is recommendation to Indriya-nati Foundation.

#### **5.2. Conclusion**

Indriya-nati Foundation could not prepare financial statement that in accordance with Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organization. It is happened because Indriya-nati Foundation does not have appropriate accounting system and procedures, such as good internal control, accurate data about fixed assets, account receivable, and account payable.

#### **5.3. Recommendation to Indriya-nati Foundation**

1. Indriya-nati Foundation should prepare standardized financial statement in accordance with Financial Accounting Standard, Statement No. 45 about Financial Statement of Not-for-Profit Organization.
2. Indriya-nati Foundation can use financial statement prepared by this research as beginning balance for all accounts in Indriya-nati Foundation. Hence, it can be use as basic for the next period financial statement.

3. Indriya-nati should design accounting system and procedure, which includes effective segregation of duties. Functions of authorization, recording, and custody should be given to different people as requirement for good internal control.
4. Indriya-nati Foundation should implement standardized accrual basis bookkeeping to get accurate information about fixed assets, account receivable, account payable.





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APPENDIX



Yogyakarta, April 21, 2003  
 Ref. No.: 319. 3. A

To.  
**Yayasan Indriya-Nati**  
**Pujokusuman MG I / 382**  
**Yogyakarta**

**Subject : REQUEST ON DATA GATHERING**

*Assalamu'alaikum Wr. Wb.*

Due to the final paper the students must complete upon accomplishment of their study, we would really appreciate if you could give permission to this following student :

Name : **Diah Nur Eko Sari**  
 Place/Date of Birth : Ambarawa, May 18, 1981  
 Student Number : 98312433  
 Address : Patangpuluhan WB III / 343 Yogyakarta 55251  
 Study Program : Accounting  
 Status : Accredited

to have research and data gathering in your institution/ company. The research will be focusing on "**The Evaluation of Accounting Treatment of Not-for-Profit Organization : A Case Study on The Financial Statement of Indriya-Nati Foundation, Daerah Istimewa Yogyakarta**", and is under supervision of **Dra. Yuni Nustini, MAFIS, Ak** one of lecturers in Faculty of Economics, Universitas Islam Indonesia.

We could guarantee that the result and findings of the research are confidential and they are only used to enrich knowledge in Economics.

Thank you for your help and cooperation.

*Wassalamu'alaikum Wr. Wb.*

Respectfully yours,

**Sahabudin Sidiq, Drs, MA**  
 Vice Director for Academic Affairs