

**Analysis of Factors Hindering The Implementation of ISAK 35 In The Presentation of Mosque Financial Reports in Indonesia: Systematic Literature Review**

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**ABSTRACT**

Guidelines for the presentation of non-profit financial statements in Indonesia are governed by ISAK 35 (Interpretation of Financial Accounting Standards No. 35). Despite its importance, many non-profit entities have yet to adopt these updated standards. This study employs a Systematic Literature Review (SLR), analyzing academic journals sourced from Google Scholar to identify barriers to ISAK 35 implementation in Indonesian mosques. The findings reveal three primary obstacles: a lack of understanding regarding the current guidelines, a shortage of human resources with professional accounting expertise, and significant time constraints. Consequently, most mosques continue to utilize simplified reporting methods, which may compromise financial transparency and diminish public trust in mosque financial management.

**Key words:** *Financial Accounting Standard; Nonprofit Organization; Financial Statements; Mosque; Transparency*

**INTRODUCTION**

Non-profit organizations and for-profit organizations have different characteristics. The fundamental difference between non-profit organizations and for-profit organizations lies in the presentation of financial statements and the acquisition of resources to carry out various operational activities. According to the Indonesian Institute of Accountants (2018), non-profit organizations obtain resources from resource providers who do not expect repayment or economic benefits equivalent to the amount given. One type of non-profit organization that exists and is widespread throughout the islands of Indonesia is the mosque. Mosques are places of worship for Muslims, places to study religion, and a means for people to donate some of their wealth for charity. Mosques also carry out their operations by obtaining and managing funds from the community.

As a non-profit organization in the religious field that collects and manages funds from the community, mosques are required to have financial reports as a form of accountability and transparency. According to (Ningtyas Jilma & Rahayu Nor, 2019), mosques are required to prepare transparent financial reports and provide relevant information to report users, especially donors who support the mosque. The Indonesian Institute of Accountants (IAI) issued ISAK 35 to regulate the presentation of financial statements for non-profit entities, with the mandate becoming effective on January 1, 2020. This standard replaced PSAK 45, introduced a more contemporary framework for non-profit reporting. According to ISAK 35 (Indonesian Institute of Accountants, 2018), the financial statements of non-profit entities consist of a statement of financial position, a statement of comprehensive income, a statement of changes in net assets, a cash flow statement, and notes to the financial statements.

The implementation of ISAK 35, which regulates the standards for presenting financial statements for non-profit organizations, one of which is mosques, plays an important role because finance is the main foundation in carrying out all activities needed to achieve the success of an organization (Fadhillah Rizka & Susanti Ari, 2024). However, the implementation of ISAK 35 for non-profit organizations in the field still faces obstacles, one of which is in mosques. According to (Diviana Sukma et al., 2020), the presentation of financial statements in mosques often faces a dilemma between whether to adopt a more professional and responsible approach in accordance with standards or to continue to rely on the mutual trust between administrators and managers. According to (Diviana Sukma et al., 2020), this is because administrators or managers are unwilling to change for fear of damaging the strong sense of trust that has been built up over time. This phenomenon still occurs today, with some mosques unable to compile their financial reports properly and correctly. The majority of mosques only disclose and record cash inflows and outflows in a simple manner. In addition, the financial reports prepared by several mosques do not show the quantity and value of their assets or property, which will have an impact on the number of cases of loss of assets or property owned by mosques due to the inability of mosques to compile financial reports properly and correctly.

Previous studies conducted between 2020 and 2024 explain the factors that hinder mosque treasurers in the process of presenting financial reports. The initial identification conducted by the researchers found 36 articles related to the keyword "application of ISAK 35 in mosques." The factors that hinder mosque treasurers in presenting financial reports are quite diverse, as shown in the research conducted by (Siahaan Efrida et al., 2023) revealed that limited human resources with an accounting background, incomplete understanding of standards, and time constraints are factors that hinder the presentation of financial reports.

Most of the previous studies have focused more on the implementation of ISAK 35 in government, such as village governments. Only a few studies specifically discuss the implementation of ISAK 35 and the factors that hinder the implementation of ISAK 35 in the presentation of mosque financial reports. This study aims to analyze the factors that hinder the implementation of ISAK 35 in the presentation of financial reports of mosques in Indonesia based on empirical studies between 2020 and 2024 using a systematic literature review (SLR).

## METHOD

We utilize a Systematic Literature Review (SLR) framework to investigate the structural and institutional barriers affecting the adoption of ISAK 35 within Indonesian mosque administrations. The primary objective of this research involves a comprehensive evaluation of existing scholarship, specifically targeting peer-reviewed studies indexed on Google Scholar that address the challenges of standardized financial reporting for religious entities. The method used in this study is Systematic Literature Review (SLR). According to (Triandini et al., 2019), the SLR method is used to identify, review, evaluate, and interpret all available research on a field of interest or phenomenon and specific research questions related to it. Data collection was carried out by searching for articles with the keywords “application of ISAK 35 in mosques” in the Google Scholar database through the Publish or Perish application.

The objects in this study were previous empirical studies published in articles between 2020 and 2024. The data in this study were collected and processed using the Preferred Reporting Items for Systematic Reviews and Meta-analyses (PRISMA). PRISMA can assist researchers in collecting data, processing, and compiling a quality systematic review (Rajafi Lalu et al., 2024). The criteria for selecting data were:

- The research covers factors that hinder the implementation of ISAK 35 in the presentation of mosque financial reports
- The research was conducted in Indonesia
- The research was conducted between 2020 and 2024
- The research was published on the Google Scholar website
- The research is empirical

## RESULTS AND DISCUSSION

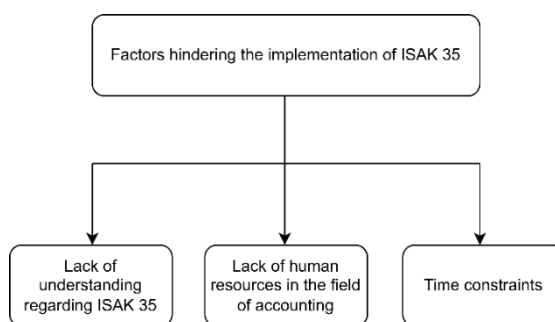
This study collected data from 2020 to 2024 using the Publish or Perish application on the Google Scholar database. The keywords used were “application of ISAK 35 in mosques.” The Publish or Perish application yielded 72 articles. The researcher then filtered the data by removing 35 duplicate articles, 8 irrelevant articles, and 18 articles that did not meet the criteria, resulting in 11 articles that met the criteria for further in-depth analysis.

**Table 1.** List of Studies Related to Factors Hindering the Application of ISAK 35 in the Presentation of Mosque Financial Reports in Indonesia.

No	Author and Journal	Research Title	Research Results
1.	(Ula Ismi et al., 2021), PROGRESS 4(2), 152-162	APPLICATION OF ISAK 35 AT THE BAITUL HIDAYAH PUGER JEMBER MOSQUE	a. Lack of understanding regarding ISAK 35
2.	(Neni et al., 2023), Journal of Multimedia and Information Technology 5(2), 131-139	APPLICATION OF ISAK 35 BASED ON EXCEL AT THE ARRAUDHAH MOSQUE IN MEDAN JOHOR DISTRICT	a. Lack of human resources in the field of accounting b. Lack of understanding regarding ISAK 35
3.	(Fatika Siti et al., 2023), Journal of Student Development Informatics Management (JoSDIM) 3 (2)	Implementation of ISAK 35 at Mosques (Case Study of Mosques in Medan Kota District)	a. Lack of human resources in the field of accounting b. Lack of understanding regarding ISAK 35
4.	(Fizaini Muhammad et al., 2022), Jurnal Mahasiswa Entrepreneur (JME) (11)	APPLICATION OF FINANCIAL REPORTING BASED ON ISAK 35 AT THE SUNAN AMPEL GUMUKMAS MOSQUE	a. Lack of understanding regarding ISAK 35
5.	(Fadhillah Rizka & Susanti Ari, 2024), Business and Management (EBISMEN) 3(3), 17-35	Analysis of the Application of ISAK No. 35 Financial Reporting for Non-Profit Entities at the Surakarta Grand Mosque	a. Lack of understanding regarding ISAK 35
6.	(Siahaan Efrida et al., 2023), Sebatik 27(2)	Analysis of the Application of Financial Reporting for Non-Profit Entities based on ISAK No. 35 at Mosques in the City of Medan	a. Lack of human resources in the field of accounting b. Lack of understanding regarding ISAK 35 c. Time constraints
7.	(Husaeni Iqbal et al., 2024), Scientific Journal of Accounting 5(1), 381-407	Application of ISAK 35 in the Presentation of Financial Statements at the Jampang Kulon Grand Mosque	a. Lack of understanding regarding ISAK 35
8.	(Wadhah Ambar et al., 2024), JakSya: Journal of Sharia Accounting 4(2)	Optimization of the Application of Financial Accounting Standards Interpretation (ISAK)	a. Lack of understanding of ISAK 35

		No. 35 in the Financial Statements of the Al-Ikhlash Bluru Permai Mosque in Sidoarjo	
9.	(Khadafi Haris & Noormansyah rvan, 2024), AKUNTOTEKNOLOGI: Journal of Accounting and Technology 16(2)	The Role of Factors Hindering the Implementation of Accountability and Transparency in Accordance with ISAK 35 (Case Study at Jami Al Jihad Mosque)	a. Lack of human resources in the field of accounting b. Lack of understanding regarding ISAK 35 c. Time constraints
10.	(Arista Rinda et al., 2023), Journal of Research and Scientific Work 1(5), 303-318	Analysis of the Implementation of ISAK 35 Accounting in Religious Organizations (Case Study of 5 Mosques in South Labuhanbatu Regency)	a. Lack of understanding of ISAK 35
11.	(Ali Aisyah et al., 2023), JOURNAL OF ACCOUNTING (JA) 10(1), 86-102	ANALYSIS OF THE APPLICATION OF ACCOUNTING BASED ON ISAK 35 AND PSAK 109 IN THE FINANCIAL MANAGEMENT OF THE DARUSSALAM SIKUMANA MOSQUE IN KUPANG CITY	a. Lack of understanding regarding ISAK 35

Based on the results of the literature review, there are three main factors that hinder the implementation of ISAK 35 in the presentation of mosque financial statements in Indonesia, as obtained from 11 journal articles. The mapping of factors that hinder the implementation of ISAK 35 is shown in the figure below.



**Figure 1.** Mapping of factors hindering the implementation of ISAK 35.

#### **Lack of understanding regarding ISAK 35**

Based on the results of a systematic literature review (SLR), it appears that all studies share one common obstacle, namely a lack of understanding of ISAK 35 among mosque treasurers. Thus, it can be concluded that the main reason mosque treasurers are unable to prepare mosque financial reports in accordance with ISAK 35 is due to a lack of understanding of the latest applicable regulations, namely ISAK 35. Under these circumstances, mosques are unable to provide relevant information to the public, donors, or external parties who wish to audit the financial reports that have been prepared.

#### **Lack of human resources in the field of accounting**

Based on the results of a systematic literature review (SLR), it was found that 4 out of 11 studies had one common obstacle, namely a lack of human resources in the field of accounting or with an accounting background. Thus, it can be concluded that the second reason why mosque treasurers cannot prepare mosque financial reports in accordance with ISAK 35 is because the mosque's financial managers or administrators do not have an accounting background. If this condition is allowed to continue, it will have an impact on accountability that cannot be fulfilled. The implications will be distrust, dissatisfaction, and even slander from the community or other external parties.

#### **Time constraints**

Based on the results of a systematic literature review (SLR), it was found that two of the eleven studies identified the same obstacle, namely the lack of time for mosque treasurers to prepare financial reports in accordance with ISAK 35. Thus, it can be concluded that the third reason mosque treasurers are unable to prepare financial reports in accordance with ISAK 35 is due to time constraints. This has resulted in the mosque treasurer only reporting income and expenditure and only announcing the financial report on the information board in the mosque and through verbal announcements before or after Friday prayers. If this situation is allowed to continue, the information obtained by the community or external parties will be less relevant and will lead to distrust of the mosque treasurer or the financial reports that have been prepared.

#### **Advantages and Disadvantages of Research Results**

The advantage of this research is that it uses the latest empirical studies and several articles that examine more than one mosque throughout Indonesia, thereby obtaining the latest relevant information that can describe the actual conditions related to the implementation of ISAK 35 in non-profit organizations, one of which is mosques. In addition, the results of this study will increase the level of awareness among relevant parties, especially the community as supervisors of mosque financial resources and management.

The limitation of this research is the limited number of articles that address the issue, namely the obstacles to the implementation of ISAK 35 in the presentation of mosque financial reports in Indonesia, so that it does not fully reflect the obstacles experienced by mosques in managing their finances and presenting them in the form of financial reports.

#### **Advantages and Disadvantages Obtained from Article Data**

The advantage of articles that have undergone a systematic literature review (SLR) process is that they present the latest financial information on mosques, thereby providing an overview of the financial condition of every mosque in Indonesia. In addition, several of the selected articles contain information on financial reports that have been prepared not only for one mosque, but for two to three mosques in one region or area.

The disadvantages of articles that have undergone a systematic literature review (SLR) process are the limited number of mosques studied. In addition, the mosques studied are not well-known mosques in Indonesia, so it is not possible to compare the quality of financial report presentation between mosques in rural areas and mosques in large, well-known cities in Indonesia.

#### **CONCLUSION**

The obstacles faced by several mosques throughout Indonesia focus on three main interconnected obstacles. This has resulted in the majority of mosques only producing simple financial reports, covering only cash inflows and outflows, and not recording the quantity and value of the assets owned by the mosque. The impact of this problem will lead to a decline in transparency and accountability in mosque financial management. Filling the position of mosque treasurer with someone who has expertise in accounting will improve the quality of financial reports and will affect the mosque's ability to receive and manage all funds and assets owned. It is important to implement the latest and applicable financial regulations because this will increase accountability in financial management and ensure that the community or donors are informed so that all information contained in the financial reports can be accounted for. Finally, it is recommended that further research use different variables and methods so that a variety of findings can be obtained.

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