

**FINANCIAL MANAGEMENT ANALYSIS IN NON-PROFIT  
ORGANIZATIONS OF MUHAMMADIYAH MERTOYUDAN  
ORPHANAGE IN MAGELANG REGENCY**

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***Abstract***

*This study aims to determine the process of obtaining funds, management of funds management, implementation of bookkeeping and obstacles encountered related to the implementation that occurred at the Muhammadiyah Mertoyudan Orphanage in Magelang Regency. Methods of data analysis used was qualitative methods. In this study, data were obtained through primary data, namely data sources obtained directly from the original source (not through intermediary media). The data in this study were carried out using the observation method at the Muhammadiyah Mertoyudan Orphanage in Magelang district. From the results of this study, it can be concluded that financial management at the Muhammadiyah Mertoyudan Orphanage in Magelang district is carried out with the staff managing the Budget Execution Document allocating funds that have been provided for the needs of the orphanage for 1 year. In carrying out the financial accounting of the institution, the Muhammadiyah Mertoyudan Orphanage in Magelang uses PSAK 45 concerning non-profit foundations.*

***Keywords:** Bookkeeping, Finance, Financial Accounting Standards, Financial Management, Non-Profit Organization*

## **1. INTRODUCTION**

According to Aulia (2020) “Public sector accounting is accounting used to record economic events in non-profit or non-profit organizations”. In simple terms, public sector accounting is widely used by public sector organizations, such as political parties, mosques, health centers, hospitals, schools or universities, non-governmental organizations, and the central government. The scope of public sector accounting includes government agencies, state or regional owned companies, and various other public organizations. These public sector institutions are different from private sector institutions. Public sector institutions have a wider area than the private sector. Public sector institutions have non-profit oriented goals while private sector institutions have profit oriented goals.

There are several types of organizations in Indonesia, one of which is a non-profit organization. According to Sujarweni (2015) in Riskiyanti et al. (2017) define a non-profit organization as an organization that can be owned by the government or owned by the private sector, its main goal is not solely to make a profit. The characteristics of non-profit organizations are different from business organizations. Non-profit organizations generally choose leaders, administrators or persons in charge who receive mandates from their stakeholders, related to the concept of accountability, accounting as a means of accountability is an integral part of non-profit organizations, so that a financial report needs to be presented by non-profit organizations to assess non-profit organizational

entities in providing services and continuity in providing services as well as assessing the accountability of the board/management for the duties, obligations and performance mandated to them. Indonesian Accountants Association Issues Statement of Financial Accounting Standards Number 45 concerning Financial Reporting of Non-Profit Organizations. Non-profit organizations provide services and do not intend to make a profit, these organizations are generally financed from contributions, obtaining funds from endowments or investments, imposing tariffs on services provided and providing assistance from the government. In carrying out its financial management, a non-profit organization can obtain a surplus which is the difference between cash inflows and cash outflows. Financial Accounting Standards (hereinafter referred to as SAK) include conventions, regulations and procedures that have been prepared and ratified by official institutions (standard setting bodies) at the time of certain (Fadillah, 2017). The Financial Accounting Standards (also known as SAK) prepared by the Indonesian Institute of Accountants always refer to applicable theories and provide in-depth interpretations and reasoning in terms of practice, especially in preparing financial reports in obtaining accurate information regarding economic data (Trianto & Arif, 2018).

One form of non-profit organization in Indonesia is an orphanage. The Ministry of Social Affairs of the Republic of Indonesia (2004: 4) states that a child care social home is a social welfare institution that has the responsibility to provide social welfare services to neglected children and carry out sponsorship and alleviation of neglected children, providing substitute services for parents/guardians of children in meeting their physical needs, mentally and socially to foster children so that they get wide, adequate and adequate opportunities for the development of their personality as expected as part of the successor to the ideals of the nation and as human beings who will participate actively in the field of national development. According to Agustin (2019), an orphanage is a service and support initiative that aims to address the needs of orphans, children from broken families, and neglected children by providing for all of their need, both material and spiritual.. In government organizations at orphanages, there are various sources of income, both in private companies and public sector agencies. For private companies, income comes from the sale of goods or services, donations from donors, and loans, while for public sector agencies, income can come from taxes, levies, grants, assistance, and profit-sharing funds. However, there are also terms of regular and non-regular sources of income. Regular income is income that comes from the business of an agency, both private and government, while non-regular income is income that comes from outside the agency's business, whether in the form of grants or donations or assistance (Sumarni, 2012). To find out the amount of income generated and the amount of costs incurred by the organization, it is also necessary to make financial reports. Public sector institutions also compile annual financial reports and budget reports. In terms of financial management, donors usually require reporting as a form of accountability for managers of non-profit organizations for the funds provided. In managing finance, of course there is the possibility of data manipulation, so that people who do not understand financial management are easily deceived by recipients of trust. Government institutions must apply the principles of transparency and accountability in managing their finances. This is because the public as users of the institution's financial reports must clearly know the activities managed by the government agency. Government institutions as managers of these finances must be more open in conveying their financial information. Submission

of such information can be done through the publication of reports that have been prepared. However, usually what government agencies publish is their budget report.

Muhammadiyah Mertoyudan Orphanage is one of non-profit social institution in Magelang Regency that accommodates, educates and looks after orphans, orphans and neglected children. The orphanage is also a form of Muhammadiyah's charitable business which is engaged in the socio-religious field which has the aim of helping fellow Muslims in the Mertoyudan area and its surroundings.

By looking at the background as described above, the author is interested in conducting research to find out the management process of managing funds, the implementation of bookkeeping and the obstacles encountered related to the implementation of bookkeeping that occur at the Muhammadiyah Mertoyudan Orphanage.

## **2. RESEARCH METHODS**

### **2.1. Types of Research**

This research used a qualitative approach. Qualitative approach was a process of research and understanding based on a methodology that investigated a social phenomenon and human problems. In this approach, the researchers created a complex picture, examined words, reports detailed views of respondents, and conducted studies in natural situations (Creswell, 2014). Bogdan and Taylor in (Moleong, 2012) argue that “qualitative methodology was a research procedure that produces descriptive data in the form of written or spoken words from people and observed behavior”.

### **2.2. Place and Time of Research**

This research was conducted at the Mertoyudan Muhammadiyah Orphanage Jl. Major General Bambang Soegeng Jl. Santan, Pandansari, Sumberrejo, Mertoyudan District, Magelang Regency, Central Java 56172 on July 11, 2022.

### **2.3. Data Type**

In this study, data were obtained through primary data, namely data sources obtained directly from the original source (not through intermediary media). Primary data was data that collected directly by the researcher from the respondents, and did not come from data collection that had been done before. Primary data can be in the form of subject (person) opinions individually or in groups, results of observations of an object (physical), events or activities, and test results.

### **2.4. Data Collection Technique**

Data collection techniques in this study was carried out with 4 methods, namely:

1) Literature

Literature is a data collection technique by conducting a review study of books, literature, records, and reports that have to do with the problem being solved (Nazir, 2003).

2) Interview

Interviews are one way to obtain data or written materials by asking directly to experts or authorities on a problem. Even though the data or information is very

limited, interviews can help strengthen the validity of previous data and information because input data or information from an expert has a high value that can be accounted for (Dalman, 2013:47).

3) Observation

Observation/Observation Techniques, Sutrisno Hadi in Sugiyono (2013:145) suggests that, “observation is a complex process, a process that is composed of various biological and psychological processes”. Two of the most important are the processes of observation and memory. Observation aims to get an accurate picture of the object of research, so that it can be arranged appropriately, because in observation the researcher makes direct observations of the object to be studied or studied (Dalman (2013:48).

4) Documentation

Documentation Techniques according to Sugiyono (2013:240) documents are records of past events. Documents can be in the form of writing, pictures, or monumental works of a person. Documents in the form of writing, for example diaries, life histories, stories, biographies, regulations, policies. Documents in the form of images such as photographs, live images, sketches and others. Documents in the form of works such as works of art, which can be in the form of pictures, sculptures, films and others. Document study is a complement to the use of observation and interview methods in qualitative research.

### **3. RESULTS AND DISCUSSION**

#### **3.1. Financial Management at Muhammadiyah Mertoyudan Orphanage**

Financial management at the Muhammadiyah Mertoyudan Orphanage starts from the planning process which is carried out in January. In this process, the orphanage staff budgets costs for the needs of foster children according to their duties, for example for education costs, clothing, food, and so on. After all costs have been accumulated, a Work Budget Plan (hereinafter referred to as RKA) is drawn up. The RKA prepared is adjusted to the needs and income of the orphanage, then after the RKA is compiled it is carried out submitting the RKA to the Social Services by means of the staff managing the Budget Execution Document (hereinafter referred to as DPA) allocating the funds that have been provided for the needs of the orphanage for 1 year. The allocation includes honorarium payments, purchases of consumable goods and services, consumption of foster children, purchases of medicines, purchases of office supplies, costs for holding meetings, purchases of foster children's clothing, costs and educational expenses for foster children.

As for payment for consumable goods and services consisting of purchasing stationery for foster children, purchasing stamps for foster child education administration and office administration, purchasing basic necessities for foster children's consumption while living in the orphanage within the next 1 year. Purchase of medicines which include medicines needed by orphans. In maintaining its accountability, the Mertoyudan Muhammadiyah Orphanage carries out 3 stages of implementation, namely planning, preparation and implementation which must really be accountable to the trustee, namely the government. The implementation of activities at the orphanage is adjusted to the DPA that has been given by the Social Service, as a form of accountability, the orphanage staff will make an Accountability Letter (hereinafter referred to as SPJ) for each expenditure on the account contained in the DPA according to the format provided by the Social

Service. In terms of financial management, all staff of the orphanage usually hold quarterly meetings to discuss the financial condition of the orphanage. With this meeting, all staff of the orphanage can find out the financial situation in the orphanage. The ease of understanding financial management procedures is very easy to see from the financial management carried out in accordance with the DPA that has been given.

### **3.2. Implementation of Financial Bookkeeping at Muhammadiyah Mertoyudan Orphanage**

In carrying out institutional financial accounting, the Muhammadiyah Mertoyudan Orphanage uses several types of books as a guide in preparing institutional financial accounting. In the preparation of financial accounting is still done in a simple way. Using manual bookkeeping not with the help of a computer. The bookkeeping includes activity reports, cash flow reports, as well as notes on financial statements and receipts for the delivery of aid to the Muhammadiyah Mertoyudan Orphanage. For the period of carrying out bookkeeping at this institution it is optional, which can be carried out every month/semester/3 months.

There are two types of financial reporting periods for the implementation of the Institute's financial reports, namely the monthly report and the annual report. Where the monthly financial reports are made at the end of each month, and the annual financial reports are done every December 31. The users of these financial reports are donors, administrators and coaches. Where financial reports addressed to donors are made as simple as possible so that they are easily understood by readers. Then the financial reports are submitted to the Ministry of Social Affairs in the Magelang Regency area for follow-up and to receive guidance in preparing financial reports in accordance with PSAK No. 45.

### **3.3. Obstacles Faced Related to the Implementation of the Muhammadiyah Mertoyudan Orphanage**

As in general, both in the preparation of the institution's financial budget and the implementation of the institution's financial bookkeeping each period must experience several obstacles. These obstacles can be either internal or external barriers. Internal obstacles are obstacles or obstacles caused by parties within the environment itself while external obstacles are obstacles or obstacles caused by outsiders and/or in terms of infrastructure. Likewise with the Orphanage, in the preparation of the institution's financial budget, foundations encounter obstacles, including:

- 1) Obstacles from the standard standards used to prepare institutional financial budget reports.
- 2) Another obstacle is that it is difficult for the foundation to estimate the funds to be budgeted for the future period, there is still a lack of donations because the operational costs are very high as there are many needs for the children in the orphanage.
- 3) The lack of facilities, infrastructure and human resources, given these limitations, the Mertoyudan Muhammadiyah orphanage uses simple bookkeeping carried out by the orphanage staff.
- 4) The lack of experienced young orphanage staff in the financial sector is also one of the obstacles faced by the Muhammadiyah Mertoyudan orphanage.

#### 4. CONCLUSION

The data and discussion above show that the Children's Orphanage meets all material and spiritual needs of orphans, broken families, and mistreated children. In carrying out institutional financial accounting, the Muhammadiyah Mertoyudan Orphanage uses several types of books as a guide in preparing institutional financial accounting. In the preparation of financial accounting is still done in a simple way. Using manual bookkeeping not with the help of a computer. The bookkeeping includes activity reports, cash flow reports, as well as notes on financial statements and receipts for the delivery of aid to the Muhammadiyah Mertoyudan Orphanage. Muhammadiyah Magelang Orphanage has not fully implemented the preparation of financial reports in accordance with PSAK No. 45. There are 4 obstacles, namely obstacles from the standard used to prepare financial reports for the institution's budget. Another obstacle is that it is difficult for the foundation to estimate the funds to be budgeted for the future period, there is still a lack of donations because the operational costs are very high as there are many needs for the children in the orphanage. The lack of facilities, infrastructure and human resources, given these limitations, the Mertoyudan Muhammadiyah orphanage uses simple bookkeeping carried out by the orphanage staff. The lack of experienced young orphanage staff in the financial sector is also one of the obstacles faced by the Muhammadiyah Mertoyudan orphanage.

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