

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

In today's competitive society where for profit business entities strive to maximize profit to broaden their business, non profit organization strive to maximize of funds to pursue their social duties. Non profit organization may generate funds in various ways that are different from companies, for example: individual donations, sponsorships, programs, services, merchandise sales, government funding, etc. In Indonesia, non profit organization has been growing in number, and the organizations that are most commonly seen are those that focus in the area of religion, healthcare, and education.

According to Suyanto and Priyo (2010), in their NPO Domestic Review Indonesia's Report, they reported that there were 11,468 non profit organization in total, however according to Septiano (2018) from OkeNews, Tjahjo Kumolo, the Minister of Domestic Affairs reported the increase in number of non profit organization formed in Indonesia in 2017 and 2018. This update was continued again in 2019 as according to Wicaksono (2019) from CNN Indonesia, Tjahjo Kumolo reported again the increase of number in March 2019.

**Table 1.1 Table of Phenomenon**

<b>Year</b>	<b>Number of non profit organization in Indonesia</b>
2017	344,039
2018	394,250
~ March 2019	406,700

Source: Prepared by writer (2019)

Considering the amount and the fast growth range in the number of non profit organization there are all around Indonesia for each year, it is not out of question or unreasonable to assume that the amount of non profit organization that exist in Indonesia will grow even more from now on.

Non profit organization tends to rely heavily on their donors to achieve their missions, and as such, building trust with donors is an especially crucial step. One essential key to strengthen the trust between non profit organization and the donors is by proving themselves to be honest and ethical organizations, and this can be done through the means of being transparent and accountable on their financial information. Financial transparency and accountability will help preserve the trust and shape the connection with the donors into a long-term trust, which, in return, will benefit both parties.

In order to keep up with the targeted level of transparency, the treasurers need to create a financial report that is easy to be understood. Some non profit organization might not hold strict regulations, and it is not uncommon for them to fail in creating an effective financial report. This may cause the organization's financial reports to become ineffective and hard to understand. To prevent that from happening, the writer decided to use *Pernyataan Standar Akuntansi Keuangan (PSAK)* number 45 as an indicator for this research.

The reason as to why the writer decided to use *PSAK* number 45 instead of International Financial Reporting Standards (IFRS) as the indicator for this research is because the *PSAK* number 45 is the accounting standard for non profit organization that are specifically in Indonesia. Additionally, according to *Ikatan Akuntan Indonesia (IAI)*, *PSAK* has become more convergent to International Financial Reporting Standards (IFRS) as of January 1, 2015. *IAI* published *PSAK* number 45 as a guide to help a non profit organization deliver their financial reports in a way that will properly fulfill the needs of the organizations, the donors, and other

parties that provide resources for the organization. *PSAK* number 45 lays down explanations revolving around statement of activities, statement of financial position, statement of cash flows, and notes on financial statements.

There are two previous research that inspired the creation of this research. The first one is from Ignasius Rian Gultom and Agus T. Poputra's research titled *Analisis Penerapan PSAK No. 45 Tentang Laporan Keuangan Organisasi Nirlaba Dalam Mencapai Transparansi dan Akuntabilitas Kantor Sinode GMIM* and the second one is from Angelia Novrina Meilani Tinungki and Rudy J. Pusung research titled *Penerapan Laporan Keuangan Organisasi Nirlaba Berdasarkan PSAK No. 45 Pada Panti Sosial Tresna Werdha Hana*. While the sector for both research are different, with the first one being a church and the other a nursing home, both research give the same result, in which both places have not implemented *PSAK* number 45 in their financial report, but have instead arranged their financial report based on their respective guides.

The fact that both non profit organization do not utilize *PSAK* number 45 despite being in two different sector of non profit, accompanied with the fact that there are a lot more non profit organization that exist in Indonesia as listed in the table of phenomenon previously begs the idea that there must be a non profit organization that utilizes *PSAK* number 45 in their financial report as well. The writer is thus interested to see if there is a non profit organization that utilizes *PSAK* number 45 in their financial report.

The research object that the writer has chosen for the research is an organization that focuses on humanitarian service. Seeing as the two previous research conducted their research in church and nursing home sector, the writer wish to conduct the research on a different sector to provide a different perspective from the previous two, and thus the writer chose humanitarian service sector. The research object chosen for this research is Leo Clubs District 307 A2, a non profit organization that works

in humanitarian service sector and has been established in Indonesia for a long time. The writer is interested to learn the arrangement of their financial report, whether or not they utilize *PSAK* number 45, and if there is any room for improvement that can be suggested in the process of developing their report with *PSAK* number 45 to improve the transparency and accountability in their financial report, in the case that they have not implemented *PSAK* number 45 in their financial report.

Based on the consistency of the result of the two previous research and the background outlined in the description above, the writer will thus study on the problem and conduct a research with the title “**The Implementation of *Pernyataan Standar Akuntansi Keuangan* Number 45 to Achieve Transparency and Accountability in A Non Profit Organization (Case Study at Leo Clubs District 307 A2)**”.

## **1.2 Problem Formulation**

How to do implementation of *PSAK* number 45 in Leo Clubs District 307 A2's financial report help them in achieving transparency and accountability?

## **1.3. Research Focus**

1. The research object is Leo Clubs District 307 A2.
2. Financial data is from the year 2017-2018.
3. The indicator is *PSAK* number 45

## **1.4. Objective of the Research**

The objective is to analyze how implementing *PSAK* number 45 in Leo Clubs District 307 A2's financial report will help them achieve transparency and accountability.

## **1.5 Benefit of The Research**

The main benefit of this research is to give an answer to the problem formulation listed above, as well as to reach the objective of the research. More about the benefits of this research will be explained further into two kinds of benefits, which are listed below:

#### 1.5.1 Theoretical Benefit

In theory, this research could serve as a reference to the readers or fellow writers who are interested to conduct a research on similar topic with this research. It would also raise interest and acts as an additional knowledge to potential writers who intend do a similar topic, perhaps with different non profit organization, in order to see if they implement *PSAK* number 45 on their financial reports themselves. This research could also prove or provide some points to further support the reasons why other non profit organization should implement *PSAK* number 45 to their financial reports, if they haven't done so.

#### 1.5.2 Practical Benefit

This research could work as a proof of usefulness of implementing *PSAK* number 45 in Leo Clubs District 307 A2's financial report as a non profit organization. This is to further emphasize the importance of clear and generally understandable financial report, especially due to the fact that non profit organization have the responsibility to be transparent and accountable towards their donors to gain their trust. In the long run, this research could help more non profit organization to consider their steps in making their financial reports, and hopefully improve their records and bookkeeping to become a more organized and reliable non profit organization.

## 1.6 System of Writing

### Chapter I : Introduction

The first chapter explains in-depth about the background of study as well as the problem limitation that comes along with the research regarding non profit organization and the implementation of *PSAK* number 45. Additionally, problem formulation and objective of the research will be included to point out the importance and purpose of this whole research. Finally, the theoretical benefit and practical benefit of this research will be elaborated further to show the readers the benefit of this research.

### Chapter II : Literature Review

This chapter consists theories related to non profit organization, the importance of financial report for a non profit organization, the users of the financial report, the content of *PSAK* number 45, and previous research references, which will be displayed in a table. Furthermore, framework of thinking will also be displayed in this chapter.

### Chapter III : Research Methodology

This chapter consists and revolves around the research design, research object, data collection method, and the data analysis method, which is the step-to-step of analyzing the data. Once these steps are properly planned, the data could then be processed so that it can be analyzed in the next chapter.

### Chapter IV : Data Analysis and Discussion

This chapter will discuss about the general view of the research object together with the data analysis and display how the data is processed. Additionally, this chapter will also cover the overall findings of the research result, supported

with points from Ikatan Akuntan Indonesia's *PSAK* number 45.

#### Chapter V : Conclusion

The last chapter will cover the conclusion, implication, and recommendation where suitable. This chapter acts as a closure to allow the readers understand both the result of the research and the effect it has, both theoretically and practically.

