

Financial Statement Preparation Analysis Using Islamic Boarding School Accounting Guidelines at Al-Mukhtariyah Sungai Dua

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ABSTRACT

The preparation of financial reports in accordance with Islamic Boarding School Accounting Guidelines plays a crucial role in enhancing the transparency and accountability of the institution. This study employs a qualitative approach with a case study method at Al-Mukhtariyah Islamic Boarding School, Sungai Dua, focusing on the preparation of financial position reports, activity reports, cash flow reports, and notes to the financial statements. Data were collected through interviews, observations, and documentation, and then analyzed using the stages of data reduction, presentation, and conclusion. This research is supported by the theory of financial accountability and transparency, which emphasizes the importance of standardized financial reporting to ensure responsibility to stakeholders. The findings indicate that Islamic boarding schools still rely on simple financial reports due to limited understanding and information regarding the accounting guidelines. These results highlight the urgent need to improve accounting literacy so that financial reports can be prepared more precisely, accurately, and in accordance with applicable standards.

Keywords: Financial Reports, Islamic Boarding Schools, Islamic Boarding School Accounting Guidelines

Analysis of the Preparation of Financial Reports Using the Accounting Guidelines of the Al-Mukhtariyah Islamic Boarding School

ABSTRACT

Penyusunan laporan keuangan yang sesuai dengan pedoman akuntansi pondok pesantren memiliki peran penting dalam meningkatkan transparansi dan akuntabilitas lembaga. Penelitian ini bertujuan untuk menganalisis proses penyusunan laporan keuangan di Pondok Pesantren Al-Mukhtariyah Sungai Dua, yang mencakup laporan posisi keuangan, laporan aktivitas, laporan arus kas, dan catatan atas laporan keuangan. Data dianalisis melalui tahapan reduksi, penyajian, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa pondok pesantren masih menggunakan laporan keuangan sederhana karena keterbatasan pemahaman dan informasi terkait pedoman akuntansi pondok pesantren. Temuan ini menegaskan perlunya peningkatan literasi akuntansi agar penyusunan laporan keuangan dapat dilakukan secara lebih tepat, akurat, dan sesuai standar yang berlaku.

Kata Kunci: Laporan Keuangan, Pesantren, Pedoman Akuntansi Pesantren

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INTRODUCTION

Having standardized financial reports allows schools to be more easily interpreted, enhances their relevance, enables comparison across institutions, and ensures they are accountable (Abdulah et al., 2024). The Al-Mukhtariyah Islamic Boarding School, located in Sungai Dua, was founded by Asy Sheikh Mukhtar Yakub in 1932 and officially inaugurated in 1935. It holds the distinction of being the first Islamic boarding school established in the Padang Bolak sub-district of the North Padang Lawas Regency (PALUTA) (Suhaini et al., 2024). As a type A institution in the northern Padang Lawas region, Al-Mukhtariyah not only provides formal education but also emphasizes moral and social development within the framework of Islamic values (Siregar et al., 2022). The school prepares three distinct types of financial reports on a monthly basis, reflecting its efforts to manage financial resources systematically.

However, despite its historical significance and organizational role, Al-Mukhtariyah has not fully implemented financial reporting practices in accordance with the Islamic Boarding School Accounting Guidelines (PAP). This gap indicates a lack of standardized financial management, which reduces the effectiveness of transparency and accountability within the institution. Given that pesantren often receive public funds and community donations, ensuring proper financial reporting is essential to maintain trust and demonstrate responsible management. Therefore, conducting this study at Al-Mukhtariyah is justified, as it provides valuable insights into the challenges faced by Islamic boarding schools in adopting accounting guidelines, while also offering recommendations to strengthen financial accountability and governance in similar institutions.

Despite the increasing number of non-profit foundations managing Islamic boarding schools in Indonesia, many of these institutions still fail to give adequate attention to proper financial management systems. Financial reporting is often limited to simple records of income and expenditure, without adopting standardized accounting practices that ensure accountability and transparency. This condition raises concerns about the reliability of financial information, especially since many Islamic boarding schools rely heavily on public funds, government assistance, and community donations. Therefore, strengthening financial management in pesantren is not only a matter of administrative efficiency but also an essential step toward building institutional credibility and public trust. This study seeks to address this gap by examining the financial reporting practices of Al-Mukhtariyah Islamic Boarding School, with the aim of providing insights and recommendations for improving financial accountability in similar institutions. These organizations often continue to place a higher emphasis on the quality of their educational programs rather than on the implementation of effective financial practices (Hasibuan et al., 2024). As stated by L. Siregar et al. (2023), non-profit entities have been subject to PSAK 45, the Financial Accounting Standards Statement, since its issuance in 1997. A number of investigations have been carried out to explore how accounting practices are applied within Islamic boarding schools. Among the notable contributors in this area are Kholifah et al. (2023), whose work highlights that many Islamic boarding schools still prepare financial statements that are inconsistent with generally accepted accounting principles for such institutions. These reports often follow the SAK ETAP

framework as a foundation, while their format and presentation are aligned with ISAK 35 (Alfie et al., 2023). One study conducted under the title “Analysis of Islamic Boarding School Financial Reports Based on Islamic Boarding School Accounting Guidelines and ISAK 35” found that most Islamic boarding schools have not yet adopted financial reporting practices that fully comply with the established accounting standards. The research concluded that the financial management systems in place remain underdeveloped and fall short of the applicable accounting principles designed specifically for Islamic boarding schools (Jaya et al., 2024). The findings emphasize that these institutions are still unable to prepare financial reports in accordance with the required standards.

According to Harahap A. (2022), the initial study revealed that Al-Khoir Menanti Islamic Boarding School had already undertaken the preparation of financial reports. This process involved documenting monthly cash inflows and outflows, which were then compiled and presented as financial statements by the institution. However, the findings also indicated that the financial reporting process did not meet all four essential components of a complete financial report. The school had limited understanding of ISAK 35, which led to underdeveloped accountability in its financial practices. Rakhmawati et al. (2024) conducted research focusing on financial reporting training for Islamic boarding schools in Kudus Regency, using the Islamic Boarding School Accounting Guidelines (PAP) as the foundation. Their study identified several key obstacles faced by these institutions, such as a shortage of financial administrative personnel and a general lack of accounting skills among existing staff. Additionally, insufficient outreach and support from the government regarding the implementation of PAP contributed to the limited awareness among Islamic boarding schools about the standards and requirements of proper financial reporting. Nabillah et al. (2024) evaluated the use of SANTRI Software in preparing financial reports at Islamic boarding schools by applying the Delone and McLean model, alongside the SDLC and Parallel development methods. The research concluded that the SANTRI Software significantly improved the preparation process by enhancing efficiency and precision in the collection, processing, and presentation of financial data in accordance with established accounting guidelines. Yuliansyah et al. (2020) investigated the impact of training programs on the implementation of accounting standards in Islamic boarding schools. The objective was to enable financial staff to produce accountable financial reports aligned with the Islamic Boarding School Accounting Guidelines. Although many boarding schools have attempted to generate financial reports, the content remains limited, often only reflecting basic cash inflow and outflow. This shortfall is attributed to the insufficient understanding of accounting standards among financial personnel within the institutions. (Nurhaya, A et al M, n.d.)

Based on the findings of various previous studies, the unique contribution of this research lies in its development of recommended financial reporting formats tailored to the Islamic Boarding School Accounting Guidelines (PAP). It offers a fresh perspective to the discourse on Islamic boarding school accounting by thoroughly examining how financial reporting is practiced at Al-Mukhtariyah Islamic Boarding School in Sungai Dua, which, as observed, has not yet fully adopted the PAP framework. This study also serves as a practical guide for other

Islamic boarding schools seeking to establish a more accountable and standardized financial reporting system.

One of the core issues identified in the financial reporting process at Al-Mukhtariyah Islamic Boarding School, Sungai Dua, is its deviation from the prescribed standards for Islamic boarding school financial reporting. The researchers noted that the institution's financial statements are limited to recording income and expenses, without reflecting the broader structure required by the guidelines. As noted by Munggaran et al. (2020), Islamic boarding schools that adhere to proper accounting standards should produce reports that include a explanatory notes, a cash flow statement, a statement of activities, and a statement of financial status. The Accounting Guidelines for Islamic Boarding Schools (PAP) are designed as a strategic response to address such shortcomings in financial reporting practices among Islamic educational institutions.

Despite efforts toward financial accountability, many Islamic boarding schools still struggle to manage their finances effectively. This is primarily due to various challenges, including the generally small scale of most institutions, which limits their ability to access high-quality funding sources or attract competent personnel in both human resources and accounting departments (Fitri et al., 2024). The hope behind establishing standardized reporting is to improve financial management within Islamic boarding schools. However, current financial reports are typically produced on a monthly, semi-annual, or annual basis and are limited to statements of cash inflows and outflows. This format fails to align with the Islamic Boarding School Accounting Guidelines (PAP). The PAP was developed as a framework to guide accounting practices in Islamic boarding schools, yet its implementation remains voluntary and not legally binding (Istutik et al., 2023). One reason for this is the prevailing belief among school administrators that their current reporting systems are sufficient. Furthermore, many administrators, such as those at Al-Mukhtariyah Islamic Boarding School in Sungai Dua, lack formal accounting education or have never participated in training on financial report preparation. This knowledge gap poses a significant barrier to the effective application of accounting standards. Consequently, Al-Mukhtariyah has not yet been able to PAP or other relevant financial reporting frameworks should be followed when preparing its financial reports. This study's goal is to assist Al-Mukhtariyah Islamic Boarding School's leadership in creating financial reports that adhere to the school's accounting guidelines. By doing this, you can enhance the structure and clarity of their financial documentation, particularly in terms of enabling more efficient and informed budgetary decision-making. This need forms the central rationale behind the present research.

RESEARCH METHODS

This study adopts a qualitative approach with a case study method. The data sources were collected through documents and interviews with three key informants: Ummi Nurwani, the treasurer; Ustadz Muhammad Rizal, the leader; and Ummi Maysaroh, the administrative officer of the Al-Mukhtariyah Islamic Boarding School Foundation in Sungai Dua. These three informants were deliberately chosen because they hold strategic roles directly related to financial management and reporting, making them the most relevant sources of information

for this research. This study adopts a qualitative approach with a case study method. The data sources were collected through documents and interviews with three key informants: Umami Nurwani, the treasurer; Ustadz Muhammad Rizal, the leader; and Umami Maysaroh, the administrative officer of the Al-Mukhtariyah Islamic Boarding School Foundation in Sungai Dua. These three informants were deliberately chosen because they hold strategic roles directly related to financial management and reporting, making them the most relevant sources of information for this research. Primary data were obtained through direct interviews, while secondary data were gathered from various documents relevant to the preparation of financial reports. The data collection techniques applied in this research included observation, interviews, and documentation (DR. Sugiyono, 2019). The data analysis process was carried out through several stages as follows:

The initial stage was data reduction, which involved selecting, simplifying, and summarizing the data systematically to remain focused on the predetermined problem formulation. The next step was data presentation, where the reduced data were organized for further analysis. This stage included: presenting the financial reports that had been prepared by the Al-Mukhtariyah Islamic Boarding School in Sungai Dua; analyzing these reports based on the Islamic Boarding School Accounting Guidelines (Pedoman Akuntansi Pesantren/PAP); and providing recommendations for financial reporting in Islamic boarding schools in accordance with PAP. Finally, a comparison was made between the financial reports prepared by the school and the applicable guidelines to assess alignment and identify areas for improvement. Sungai Dua with the PAP. Drawing conclusions, important data can be concluded as recommendation material in the process of preparing financial reports based on the PAP.

RESULTS AND DISCUSSION

Financial reports within Islamic boarding schools serve as a representation of an organization's financial activities over a particular timeframe, offering insights into its operational performance. These documents are vital as they reflect how effectively the institution has functioned during that period. When prepared properly, financial reports are expected to deliver transparent and understandable information for all relevant stakeholders (Saparuddin, 2023).

Ensuring accountability in Islamic boarding schools is essential for producing financial data that can assist in evaluating how well the institution manages its finances. Given that these schools often receive significant donation funds, it is crucial to maintain accurate records of these contributions as part of the financial reporting process (Aisyah Hidayati et al., 2022).

Insights gathered from interviews with personnel at the Islamic boarding school indicate that financial reports are categorized into three types: monthly, semi-annual, and annual. At Al-Mukhtariyah Islamic Boarding School in Sungai Dua, financial activities are primarily centered on income and expenditures. The school's revenue is mainly sourced from the School Operational Assistance (BOS) fund, while expenditures are largely allocated toward teacher salaries and the operational needs of the institution. The effectiveness of the BOS program is significantly influenced by how well its financial resources and other related components are managed (Saparuddin, et 2023).

Table 1. Form of Islamic Boarding School Financial Report

| Financial Statements | | | |
|--|------------------------------------|--------------|-------------------|
| Al-Mukhtariyah Islamic Boarding School In Sungai Dua | | | |
| Semester 1 (1 January To 30 June 2024) | | | |
| No | Description | Income Rp | Expenditure Rp |
| 1 | Last semester balance | XXX | |
| 2 | Meal money (public kitchen) | | XXX |
| 3 | BOS State Budget | XXX | |
| 4 | Operator Honorarium | | XXX |
| 5 | Extracurricular Teacher Honorarium | | XXX |
| 6 | Subject teacher honorarium | | XXX |
| 7 | Semester exam committee honorarium | | XXX |
| 8 | Purchase of stationery | | XXX |
| 9 | Electricity payments | | XXX |
| 10 | Photocopy | | XXX |
| 11 | Classroom renovation: | | XXX |
| | Cement | | XXX |
| | Sand | | XXX |
| | Ceramics | | XXX |
| | labor wages | | XXX |
| 12 | Lawn mower oil | | XXX |
| 13 | Lawn mower wages | | XXX |
| 14 | Drink/snack/meeting | | XXX |
| 15 | Water pump engine oil | | XXX |
| 16 | Mic/speaker service | | XXX |
| AMOUNT | | XXX | XXX |
| Cash balance (balance) semester 1 | | | XXX |

Source: Al-Mukhtariyah Islamic Boarding School, Sungai dua

Table 2. Form of Islamic Boarding School Financial Report

| Monthly Financial Report Al-Mukhtariyah Islamic Boarding School In Sungai Dua March 2024 | | | | |
|--|-----------|------------------------------------|--------------|-------------------|
| No | Date | Description | Income Rp | Expenditure Rp |
| 1 | 3/1/2024 | Last month's balance | XXX | |
| 2 | 3/2/2024 | Subject Month Teacher Salary | | XXX |
| 3 | 3/2/2024 | Meal money (public kitchen) | XXX | |
| 4 | 1/2/1900 | Operator Honorarium | | XXX |
| 5 | 3/2/2024 | Extracurricular Teacher Honorarium | | XXX |
| 6 | 3/10/2024 | Purchase of Stationery Paper | | XXX |
| 7 | 3/15/2024 | Electricity payments | | XXX |
| 8 | 3/20/2024 | Lawn Mower Oil | | XXX |
| 9 | 3/23/2024 | Lawn Mower Wages | | XXX |
| 10 | 3/23/2024 | Drink/snack/eat meeting | | XXX |
| 11 | 3/25/2024 | Water pump engine oil | | XXX |
| 12 | 3/26/2024 | Mic/speaker service | | XXX |
| Amount | | | XXX | XXX |
| CASH Remainder (this month's March 31 balance) | | | | XXX |

Source: Al-Mukhtariyah Islamic Boarding School, Sungai dua

Financial statements serve as formal records detailing an organization's financial condition over a specific period, offering insights into its performance (Daulay et al., 2024). Similarly, Ruci & Prasetyo (2022) define financial reports as documents that summarize financial transactions within a defined timeframe. According to the Islamic Boarding School Accounting Guidelines (2018), a complete financial report for a pesantren should include: a statement of financial position, an activity report, a cash flow statement, and explanatory notes to the financial statements.

Findings from interviews conducted with various individuals involved in the financial reporting process revealed several perspectives, as outlined below:

"Since I began managing the boarding school's finances, this has been the standard method of preparing financial reports. We've never applied the standards you mentioned before." (Source: Interviewee 1, Treasurer of the Islamic Boarding School)

"To my knowledge, the financial report prepared by the school's treasurer simply lists the total amount of income – particularly BOS funds – and annual expenditures." (Source: Interviewee 2)

The third interviewee, the head of the boarding school, provided confirmation by stating: "Within the boarding school community, especially among the management, there is still no clear understanding of accounting standards, and we lack personnel with the necessary expertise to apply them in our financial reporting." (Source: Interviewee 3, Boarding School Leader)

Based on these interviews, it is evident that many boarding school administrators lack the knowledge required to prepare financial reports that meet recognized accounting standards. This limited understanding represents a major challenge in implementing proper financial reporting procedures. Currently, most treasurers of Islamic boarding schools continue to rely solely on basic income and

expense logs, which prevents them from generating financial reports that adhere to the Islamic Boarding School Accounting Guidelines (PAP).

Table 3. Analysis of Islamic Boarding School Financial Reports Based on PAP

Analysis of Al-mukhtariyah Sungai Dua financial report Based on Islamic boarding school accounting guidelines

| Indicator | Islamic Boarding School Accounting Guidelines | Financial Report of Al-Mukhtariyah Sungai Dua |
|-----------------------------------|---|---|
| Statement of Financial Position | he statement detailing financial position outlines the organization's available resources (assets), its financial obligations (liabilities), and the residual interest held by the entity, known as net assets. | A financial position statement has not been developed in alignment with the standards outlined in the Islamic Boarding School Accounting Guidelines. |
| Activity Report | Activity statements present insights into the financial outcomes and operational performance of Islamic boarding schools over a given period. | The report on activities functions as a tool to present insights into how well an Islamic boarding school is performing financially. However, this report has not yet been structured following the framework established by the Islamic Boarding School Accounting Guidelines. |
| Cash Flow Statement | A cash flow statement outlines the movement of cash and cash equivalents by detailing all incoming and outgoing funds within a specific reporting period. | Cash flow reports have not yet been developed in alignment with the standards outlined in the Islamic Boarding School Accounting Guidelines. |
| Notes to the Financial Statements | The notes accompanying the financial statements provide supplementary details that go beyond the figures and data presented within the main financial reports. | The financial statements currently lack accompanying explanatory notes. |

Source: Research Data, 2025

Referring to the analysis table provided earlier, it can be inferred that the financial reporting practices at Al-Mukhtariyah Islamic Boarding School in Sungai Dua do not align with the standards outlined in the Islamic Boarding School Accounting Guidelines. A complete financial report, as stipulated by the guidelines, should include a statement of financial position, a statement of activities, a cash flow statement, and notes to the financial statements. However, the current reporting system at Al-Mukhtariyah Islamic Boarding School in Sungai Dua has yet to adopt these components as part of its financial disclosures. In response, the researcher offers the following recommendations for improving the presentation of financial reports in accordance with the Islamic Boarding School Accounting Guidelines specific to Al-Mukhtariyah Sungai Dua.

Table 4. Financial Position Report

Statement Of Financial Position
From 1 January to 30 June 2024

| Asset | Amount (Rp) |
|-------------------------------------|-------------|
| Cash and cash equivalents | XXX |
| Fixed assets (class rehabilitation) | XXX |
| Total Assets | XXX |
| Liabilities and Net Balance | Amount (Rp) |
| Obligation | - |
| Beginning balance (January 1, 2024) | XXX |
| Current Semester Surplus | XXX |
| Total Liabilities and Net Balance | XXX |

Source: Research Data, 2025

Referring to the financial position statement presented above, the Islamic boarding school reported total assets amounting to RpXXX as of June 30, 2024. These assets comprise two components: cash and cash equivalents totaling RpXXX, representing the available funds at the close of the reporting period, and fixed assets valued at RpXXX resulting from classroom rehabilitation activities. The fixed asset figure reflects expenditures on materials such as cement, sand, and ceramics, as well as associated labor costs. No liabilities or outstanding debts were noted during this reporting period. At the beginning of the fiscal year, the institution held an opening balance of RpXXX. After accounting for all income and expenditures for the current semester, the boarding school recorded a surplus of RpXXX, resulting in a total net balance of RpXXX. This outcome signifies a sound and stable financial condition.

The activity report reflects the flow of income and expenses over the course of a semester. The Islamic boarding school's total income for semester 1 came from two sources: an initial cash balance of RpXXX and BOS funds from the state budget of RpXXX. Therefore, the total income for this semester was RpXXX. Expenditures incurred during this period amounted to RpXXX, with the main details as follows Honorarium payments for teachers and operators reached RpXXX, becoming the largest component of expenditure. Other operational needs such as student meal money, purchasing stationery, paying for electricity, and photocopying cost around RpXXX. Expenditure for classroom rehabilitation reached RpXXX. The remaining expenses were used for meeting expenses, machine maintenance, and equipment servicing. With total income exceeding total expenses, the Islamic boarding school achieved a surplus of RpXXX this semester.

Table 5. Activity Report

| Activity Report | |
|------------------------------------|-------------|
| From 1 January to 30 June 2024 | |
| Description | Amount (Rp) |
| Income: | |
| Beginning Semester Balance | XXX |
| BOS Funds (State Budget) | XXX |
| Total Income | XXX |
| Expenditure: | |
| Meal money (public kitchen) | XXX |
| Operator honorarium | XXX |
| Extracurricular teacher honorarium | XXX |
| Subject teacher honorarium | XXX |
| Exam committee honorarium | XXX |
| Purchase of stationery | XXX |
| Electricity payments | XXX |
| Photocopy | XXX |
| Classroom Renovation – Cement | XXX |
| Classroom Renovation – Pasir | XXX |
| Classroom Renovation – Ceramics | XXX |
| Classroom rehab - Builder's Wages | XXX |
| Lawn mower oil | XXX |
| Lawn mower wages | XXX |
| Meeting consumption | XXX |
| Water pump engine oil | XXX |
| Mic/speaker service | XXX |
| Total Expenditure | XXX |
| Semester Surplus | XXX |

Source: Research Data, 2025

Table 6. Cash Flow Statement From 1 January to 30 June 2024

| Operational Activities | Amount (Rp) |
|-------------------------------|-------------|
| Receipt of BOS funds | XXX |
| Total revenue | XXX |
| Operational expenses | XXX |
| Net cash flow from operations | XXX |
| Investment Activities | XXX |
| Classroom renovation | XXX |
| Net cash flow from investment | XXX |
| Beginning cash balance | XXX |
| Net cash increase | XXX |
| Ending cash balance | XXX |

Source: Research Data, 2025

The cash flow report outlines the inflow and outflow of cash throughout the reporting period. From its operational activities, the Islamic boarding school received BOS funding amounting to RpXXX, while incurring operating expenses totaling RpXXX. This resulted in an operational shortfall of RpXXX. In terms of investment activities, the school allocated RpXXX for classroom rehabilitation. Overall, this led to a total reduction in cash of RpXXX. However, due to the substantial opening cash balance, the institution still maintained an ending cash position of RpXXX. This indicates that, despite considerable spending, the Islamic boarding school retains a solid financial standing and remains capable of supporting its operations in the upcoming semester.

The explanatory notes to the financial statements clarify that the report has been prepared using the accrual accounting method, in alignment with the Islamic Boarding School Accounting Guidelines (PAP). The institution's primary sources of income include funding from the National Operational Assistance (BOS) program, derived from the State Budget (APBN), along with cash reserves carried over from the previous period. Spending at the Islamic boarding school is primarily allocated to educational and operational needs such as teacher remuneration, student meals, procurement of learning equipment, and classroom renovations. Notably, the expenses related to classroom rehabilitation are categorized as fixed assets, as their utility extends beyond a single accounting cycle.

In general, Al-Mukhtariyah Islamic Boarding School demonstrated sound financial management throughout the first half of 2024. Both income and expenditures were handled effectively, resulting in a cash surplus at the end of the semester. The school is free from liabilities and has shown a capacity to invest in long-term improvements to its educational facilities. With a closing cash balance of RpXXX, the institution is financially stable and well-prepared for the upcoming semester.

CONCLUSION

This study concludes that the financial reporting process at the AlMukhtariyah Islamic Boarding School in Sungai Dua does not fully comply with Islamic boarding school accounting guidelines. This is evident in the continued use of a simple recording system, resulting in incomplete presentation of several financial report components. This conclusion addresses the research objective, which was to determine and verify the compliance of Islamic boarding school financial reporting with applicable standards. This study is limited by its scope and data, as it focused on only one Islamic boarding school. Therefore, the findings cannot be generalized to all similar institutions. This limitation opens up opportunities for further research to examine more Islamic boarding schools using broader methods and data coverage. It is also recommended that financial managers of Islamic boarding schools be mentored and trained to improve their understanding and optimal application of accounting guidelines, resulting in more accurate, transparent, and standard-compliant financial reporting.

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