

TRANSPARENCY OF FINANCIAL REPORTS CREATES COOLNESS IN THE HEARTS OF THE CONGREGATION OF THE REHOBOT CHURCH IN MANADO

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ABSTRACT

The purpose of this research was to determine the extent of transparency of the leadership in managing the financial reports of the Rehobot Manado church. The research method used, namely the qualitative interpretive method, with a phenomenological approach, to reveal the meaning of phenomena, experiences based on awareness that occurs in several individuals. The researcher used two methods of data collection, namely interviews and observations. The next stage in collecting data is that the researcher must enter the church environment in order to find parties directly related to the process of implementing church transparency. After the researcher finds anyone who is directly related to the implementation of church transparency, the researcher will conduct an in-depth exploration of informants regarding their experiences in implementing transparency in church financial reports. The results of the research indicate that in managing financial reports it is very transparent and always creates a sense of calm for the congregation. All church cash receipts and expenditures have been recorded correctly and can be controlled by the congregation. However, the recording and reporting are still very simple, namely using a cash book only, not implementing generally applicable financial recording and reporting standards, even though they have tried to present them correctly and transparently. Correct and transparent financial reports will make it easier for the church to gain the trust of the congregation and donors.

Keywords: Transparency, Church Financial Reports

I. INTRODUCTION

Transparency of church financial reports is a form of openness of financial information and management of church resources. In managing all church financial activities, good recording is certainly needed, to control every income and expenditure that occurs. This is done as a form of transparency to the congregation and donors. Transparency means being open and honest with the congregation and donors about who is responsible for managing the resources provided. If the congregation and donors believe in the religious organization, understand the goals and objectives of the organization, then the congregation and donors will be more interested in donating and continuing to provide support. The objectives of transparency in financial management that can be felt by stakeholders according to Shafratunnisa (2015) are: a. Preventing deviations as early as possible through public awareness with social control, b. Avoiding miscommunication and differences in perception, c. Encouraging the community to learn to be responsible for the implementation of activities, From all activities carried out, it is hoped that trust will be created between members, d. Achieving the implementation of activities in accordance with the provisions of the principles.

This is important to implement in order to build the trust and credibility of the church. Transparent financial reports will make donors or church congregations feel very happy because their money has become a blessing for many people. Transparent financial reports mean easy to understand and accountable to various

parties who need the financial report. Transparency as the openness of the organization to provide relevant information in a way that is easily accessible and understood by stakeholders.

Financial reports presented transparently by the church can provide financial information to the congregation periodically and can be used as a control tool and for decision making. Financial reports presented by the church are a form of church openness to the congregation (Tumiwa Kiet, 2017). The church in presenting financial reports must have values of honesty and transparency as a form of peace between the church and the congregation (Lehman, 2007). Belkaoui (2006) stated that healthy and good financial reports are financial reports that contain values of openness, honesty, justice, and concern for the party that provides the source of funds. Proverbs 10:9, "whoever walks in integrity walks securely, but he who is crooked in his ways will be known. When we are transparent with others, this shows that we trust them to understand who we really are.

The matter of openness and honesty is also taught by God. It is written in the Bible in the book of Luke 16:10-11 which reads "whoever is faithful in what is least is faithful also in what is great; and whoever is unjust in what is least is unjust also in what is great. If you therefore have not been faithful in the matter of dishonest mammon (treasurer), who will entrust you with the true riches?" Based on this verse, the church as a whole should have realized the importance of honesty and openness in presenting financial reports. The church in presenting financial reports must have the values of honesty and transparency as a form of peace between the church and the congregation (Lehman, 2007). Belkaoui (2006) stated that a healthy and good financial report is a financial report that contains the values of openness, honesty, justice, and concern for the party that provides the source of funds. If on the other hand, management fails, if it produces financial reports that are irrelevant, dishonest, non-transparent, and biased towards group interests or personal interests, then management fails to realize the true agreement and accountability to God (Peace, 2006; Quattrone, 2004).

Rejection has also occurred, in line with the research of Reed & Baker (2003) which states that the Orthodox Church rejects accounting in the church. Reed & Baker (2003) found that adherents of this church believe that accounting is only used to manipulate data and with the motive of obtaining great personal gain. The church management makes financial reports by ignoring the value of honesty. In addition, the management also uses rational thinking without using conscience, as taught by God (Barea, 2001; Kokubu, 1996; Weeks, 2011).

Rejection of transparency of church financial reports to the congregation and donors will destroy the church. However, openness, honesty and justice can bring peace and prosperity to others by being accountable for what has been done to God as the owner of life and to others. This is related to how the church presents financial reports in accordance with the regulations and is presented to the congregation for the sources of funds that the church has received from the congregation as a form of openness of the church to the congregation. If the church is able to be transparent in making financial reports, the congregation will feel that the church is able to manage finances well and the congregation will trust the church more. Based on the background above, the researcher is interested in knowing how the transparency of financial report management creates peace of mind for the congregation of the Rehobot Manado church.

II. RESEARCH METHODS

This research uses a qualitative method. According to Creswell (in Rahadi, 2020) qualitative research is a research process carried out to understand human or social problems. Qualitative research aims to explain reality and meaning in actual conditions. In addition, it also provides a much deeper explanation so that the phenomena that occur based on actual reality can be described in detail and completely. This study looks at phenomena based on the experiences of informants related to the application of transparency in the church so that the right paradigm to use in this study is the interpretive paradigm. Triyuwono (2009:217) explains that the interpretive paradigm is not used in order to explain and predict, but to interpret social reality. This study uses an interpretive paradigm with a phenomenological approach because the phenomenological approach tries to explain or reveal the meaning of the phenomenon of experience based on the awareness that occurs in several individuals. Researchers use two methods of data collection, namely interviews and observations. The next stage in collecting data is that researchers must enter the church environment in order to find parties who are directly related to the process of implementing church transparency. After the researcher finds out who is

directly involved in the implementation of church transparency, the researcher will conduct an in-depth exploration of the informants regarding their experiences in implementing transparency in the church to find the meaning of social reality.

III. DISCUSSION

Transparency of financial statements is an accounting standard that explains the components of financial statements, proper presentation, and basic accounting concepts, disclosure policies, structure and content of financial statements. Transparency of financial statements in the church is a form of obligation of church administrators to do all things that are good and pleasing to God. Administrators are given the trust to be able to manage everything that belongs to God, therefore they must be able to be transparent about everything that God has entrusted to them.

Mr. TR said, even though our financial report recording is very simple, we still record it correctly and are always transparent to the congregation regarding all cash receipts and expenditures.

Financial transparency is a form of obedience to the Word of God related to how church officials are able to carry out and comply with the regulations in the church related to management regulations in financial management in the church. Transparency is an obedience, because with transparency of financial reports, the treasurer can carry out his duties and responsibilities as a treasurer well, especially to God as the owner of life. If church officials are able and obedient to the existing regulations, it means they are able to obey the Word of God. Church officials must be a channel of blessing because management is related to how the blessings obtained by the church can be channeled back to the congregation, donors and the community so that they can feel the concern for each other.

Mrs. LE said that every week there is an accountability report that is read by the financial manager and it is always transparent. If a congregation wants to see details of money coming in or going out, they are welcome to see it. The aim of transparency is to create peace of mind and peace between managers, congregations, donors and the community.

Financial managers must be able to bring peace and tranquility to the congregation by what has been done to God as the owner of life and to others. This is related to how the church presents financial reports in accordance with the regulations and is presented to the congregation on the source of funds that the church has received from the congregation as a form of transparency of the church to the congregation. If the church is able to make financial reports, the congregation will feel that the church is able to manage finances well and the congregation will trust the church more. Transparency is related to how the financial report can be seen and known and can be accounted for to the entire congregation or donors, both the source of the incoming funds and what the funds are used for, it must be known by all church members.

Mrs. KA said: "We are transparent about matters related to money, even every week we read and make a list of financial reports. Then we print and stick it on the church notice board, later they will know where the funds come from and what the money is used for. Of course, this way the congregation will know."

The transparency carried out by the church's financial managers is already visible. When the researcher entered, it was true that what was revealed was in accordance with the reality, namely that the church's notice board had posted its weekly financial report.

The funds obtained and collected from the congregation or donors will of course be used as well as possible for the needs of the church. The use and allocation of funds are clear, the funds collected will be stored properly, later if there will be a big celebration or will require large funds such as the church's birthday, Christmas, Easter, the congregation is sick, mourning and so on, then a meeting will be held first to discuss the expenditure of church cash.

Recording of cash receipts and expenditures of the Rehobot Manado Church is very good. However, it has not implemented a financial recording and reporting system in accordance with the Interpretation of Financial Accounting Standards No. 35, in the recording system carried out by the relevant party, namely the

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church financial management section, the recording method used is only to make cash in and cash out reports and at certain periods. From the informant's statement, Mr. TR stated that;

In the process of recording and reporting the finances that we have made, it is not in accordance with financial accounting standards. This means that we have not implemented the Interpretation of Financial Accounting Standards No. 35, in recording and reporting the finances of our church. However, cash receipts and expenditures can be accounted for through the cash book.

From the statement of the source above, it can be concluded that the church has not implemented the Interpretation of Financial Accounting Standards No. 35, or is not in accordance with generally accepted accounting standards. The church implements a financial recording and reporting system in accordance with what is usually applied by the church, namely a cash book and is strengthened by the transparency of the management to the congregation.

Transparency in other words, namely the openness of information or data, where this is a decision taken in accordance with the rules that have been set by the leadership and financial management of the church. Transparency is something that is very important besides accountability itself, with the transparency of a church financial report, the congregation will be more confident in its financial management. While the accountability of the church regarding funds obtained from the congregation, so that the congregation and donors will believe. By implementing transparency and accountability in the church, of course it will provide a positive image for both the congregation, donors and the community.

The transparency process is one way that administrators are held accountable for their financial management to their congregation and donors. An organization's financial statements can be considered accountable if they are submitted accurately and in accordance with financial accounting standards. The accountability of a nonprofit organization is expected to be transparent and that the donors use the resources provided as intended.

Mr. ST said, every time we do an activity, for example, Christmas celebration, church anniversary and others. We always prepare a budget by involving the congregation, committee and church treasurer so that the money spent is transparent and the event can be carried out lively.

Transparency in budgeting is very important, even though the financial reports produced by the Rehobot congregation are currently still simple, namely the Rehobot congregation in preparing the budget is not in accordance with financial accounting standards. Transparency in the financial management of the Rehobot congregation can be seen only showing the cash book. The cash book contains reports of cash receipts and expenditures. In the accountability of recording financial reports, the Rehobot congregation is categorized as not in accordance with generally applicable standards.

Transparency in financial reporting is very important for an organization, especially in a non-profit organization. In presenting and reporting the financial statements of an organization, it should be in accordance with existing accounting standards. The accounting standards referred to are a component that explains financial statements, proper presentation, and basic accounting concepts, disclosure policies, structure and content of financial statements. The Rehobot congregation has routinely presented and reported its financial statements every week transparently to congregation members. However, in presenting the financial statements, the Rehobot congregation has not yet presented financial statements in accordance with the interpretation of financial accounting standards no. 35.

IV. CONCLUSION

Rehobot Manado Church in managing financial reports has been very transparent and always creates a sense of calm for the congregation. The Rehobot congregation has routinely reported weekly financial position reports to members and provided weekly cash receipt reports during worship to congregation members. All church income and expenses have been recorded correctly and can be controlled by the congregation. However, the recording and reporting are still very simple, namely using only a cash book, not implementing generally applicable financial recording and reporting standards or Interpretation of Financial Accounting Standards No.

35, even so they have tried to present it correctly and transparently. Correct and transparent financial reports will make it easier for the church to gain the trust of the congregation, donors and the community.

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