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Financial Health Analysis and Income Diversification Case Study on Indonesia Corruption Watch (ICW)

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Abstract

Non-profit organizations are agents of change formed with the aim of meeting social development needs. To be able to provide a sustainable impact, NGOs are required to maintain a healthy financial condition and diversify their income to ensure the survival of the organization. The aim of this research is to measure the financial performance and funding diversification of the NGO Indonesia Corruption Watch (ICW). The method used is quantitative descriptive using financial ratio analysis and funding diversification on secondary data obtained from the website https://antikoburu.org, in the form of financial reports for 2017-2021. The research results show that ICW's financial health is in the good category with diversified income, and the level of dependence on main donors is small. This has a positive impact on the sustainability of ICW so that it can continue to advocate in efforts to realize a government that is democratic, free of corruption, with economic, social and gender justice.
Keywords: *financial health, income diversification, non-governmental organization.*

Introduction

According to Goddard (2006) Non-Governmental Organizations have an influence on social development and economic intervention throughout world. From the results of the Civil Society Organization Verification Report compiled by Bappenas (2022), there are 2,922 Non-Governmental Organizations in Indonesia, 709 of which are willing to participate in the verification survey by Bappenas and it was found that West Java is the province with the largest distribution. Of the 709 Non-Governmental Organizations verified by Bappenas, 49% are in the form of foundations, 43% are associations, 28% are communities and 27% are community groups. A total of 570 institutions are more than 5 years old. Some institutions have multiple issues with the dominant issue being gender. The 2022 World Giving Index published by the Charities Aid Foundation, places Indonesia as the most generous country out of a total of 119 countries in the world. There are three things that are measured as considerations in determining this ranking, including: people's habits in helping other people/strangers, desire to donate, and how long they spend as volunteers. It is an interesting phenomenon that Indonesia, as a developing country, is actually ranked first in terms of generosity. There are several reasons that can explain why Indonesia, as a developing country, has become a country with a generous population, namely the existence of a culture of mutual cooperation, religiosity, government policies and high levels of social inequality.
According to ISAK number 35, non-profit organizational entities are entities operating in the field of public services that do not have the aim of making a profit. NGOs (Non-Governmental Organizations) are non-profit organizations that are often associated with the distribution of development assistance, including those related to human rights, concerns about environmental damage, identity and feminism. NGOs play a very

important role as public institutions in becoming agents of change that aim to meet social development needs that cannot yet be carried out and fulfilled by the government as state administrator.
To maintain their existence, NGOs are required to maintain a healthy financial condition to ensure the survival of the organization and continue to provide a sustainable impact for its beneficiaries. According to Lewis (2003), the financial sustainability of non-profit institutions can be defined as the ability to produce various resources which, as the organization develops, can reduce dependency on development aid funds. To become a sustainable organization, non-profit institutions need to conduct financial health analyzes and diversify funding sources to mitigate risks and as an effort to protect finances from uncertainty. If non-profit organizations only depend on grants from donor agencies, this will create vulnerabilities. Initially, assessing an organization's financial performance attracted the attention of the business and academic communities in the late 1960s. Since then accounting ratios have been widely used in the corporate world as indicators of financial health (Ohlson, 1980). According to Tuckman and Chang (1991), a financially healthy nonprofit organization is one with adequate equity/capital balances, adequate administrative allocations, positive operating margins, and diversified funding sources, all of which provide loose flexibility in dealing with instability problems. finance. Revenue diversification can reduce instability and create greater organizational sustainability when there is a decline in one primary source of revenue (White 1983). These results are particularly relevant for nonprofit organizations, which inherently experience high levels of revenue uncertainty (Gronjberg 1993; Jegers 1997; Kingma 1993). As nonprofit organizations face increasing competition for funding from donors and grants and greater public emphasis on efficient financial management and accountability, the question of whether diversification can increase revenue stability, as well as its potential impact on organizational sustainability, is becoming increasingly important (Salamon, 2002). However, according to Froelich (1999), Frumkin and Keating (2002) and Weisbrod (1998), income-increasing strategies not only raise concerns that the mission of the nonprofit organization will shift and the legitimacy of the organization will be undermined due to the rent-seeking behavior necessary to obtain it, but also because of diversification. can create overwhelming complexity, especially for small organizations. Deborah A. Carroll, Keely Jones Stater, (2008), using financial information obtained from NCCS nonprofit data over the 1991-2003 time period, found that income diversification showed a significant influence on the volatility of nonprofit organizations' income structures. The regression results indicate that if a nonprofit organization actively diversifies its income structure, then the organization can expect a decrease in average income volatility over time. William J. Ritchie, Robert W. Kolodinsky, (2003) in their research entitled Nonprofit Organization Financial Performance Measurement an Evaluation of New and Existing Financial Performance Measures, using a sample of universities and hospitals for 1990–1995 financial reports with the results that six measurement ratios Financial performance representing three categories, namely fundraising efficiency, public support, and fiscal performance can be viewed as a unique dimension in assessing the financial position of the foundations examined in the study. Siti Aminah Anwar and Anik Malikah (2021), examining the financial health of five Zakat Recipient Organizations in Indonesia for the 2015-2018 financial reports, found that the financial reports of the five OPZs showed that financial health or performance was in the fairly good assessment category.

Empirical research regarding financial health and funding diversification on NGO sustainability in Indonesia is still very limited. This research will analyze the financial

health and funding diversification of Indonesia Corruption Watch. ICW is an NGO fronted by several YLBHI activists. ICW was founded with the belief that corruption must be eradicated because corruption has impoverished and undermined justice. ICW has an important role in encouraging democratic governance, free of corruption, with economic, social and gender justice. Based on research that has been conducted by previous researchers, this research has the novelty of analyzing financial performance/health and funding diversification in one of the NGOs in Indonesia that advocates for the anti-corruption movement, for the 201 financial report 2017-2021. Based on the research background, researchers are interested in analyzing financial health proposed by Ritchie and Kolodinsky (2003) using fiscal performance ratios, non-program activity efficiency ratios, public support ratios, investment performance ratios and program efficiency ratios. Meanwhile, funding diversification will be measured using a modified Hirschman Herfindahl Index (HHI), this approach develops a diversification score that ranges from 0 to 1. The closer to 1, the more concentrated funding is, while the closer to 0, the more diversified.

Literature Review

Financial Reports of Nonprofit Organization

According to PSAK (Indonesian Institute of Accountants, 2017) financial reports are a structured presentation of the financial position and financial performance of an entity. The purpose of presenting financial reports is to provide information regarding the financial position, financial performance and cash flow of an entity which is useful for the majority of people who use the report in making economic decisions and shows the results of management's accountability for the use of the resources entrusted to them. Non-Profit Entity Financial Reports according to ISAK 35 consist of: Statement of Financial Position, Comprehensive Income Statements, Statement of Changes in Net Assets, Statement of Cash Flows and Notes to the Financial Statements.

According to Mulyadi (2007), financial performance is the determination of measures certain measures that can measure the success of an organization in generate profits. Organizational performance can be measured in various ways, both from a financial and non-financial perspective. As an example, the measurement of organizational performance can be in the form of capacity production, expansion of service range, employee productivity, complaints society, consumer satisfaction, income, expenses and many measures or ratios which can be used to measure it. Effective performance measurement in Non-Profit Organizations is designed to shows how to use performance measurement organization to improve the organization's ability to fulfill its mission. To effectively address the various challenges that executives must face, the content and orientation of the program is built around the awareness that various types of performance problems require different approaches (Altman, 1968). Ritchie and Kolodinsky (2003) conducted research on measuring financial performance in non-profit organizations, especially at university foundations, by evaluating financial performance measurement ratios using the factor analytic method. The results of his research are that there are 3 (three) categories of ratios that can be used in university foundations, namely: 1) Fund collection efficiency ratio, 2) Public support ratio, and 3) Financial performance ratios.

Income Diversification

Hager (2001) finds that greater revenue diversification lowers the probability of closure. Greenlee (2002) and Greenlee and Trussel (2000) show that greater revenue diversification decreases the likelihood an organization will cut its program expenses or

experience a loss in net assets over three consecutive years. Keating et al. (2005) extend the vulnerability model by finding that income concentration (as opposed to diversification) leads to greater bankruptcy risk and drastic income declines. Ben Davis (2015) conducted qualitative research regarding NGO funding sources in Indonesia, the research results stated that the majority of NGO funding in Indonesia came from international donor agencies. Meanwhile, local (city/district) NGOs that are located far from the provincial capital tend to depend on self-funding. Around 45% of local NGOs stated that self-help funds were the most important source of funds for them.

Table 1. NGO Funding Sources in Indonesia
Source of Ben Davis (2015)

Source of NGO	Government Funds	International Donors
City/district NGO	5%	15%
Provincial capital NGO	15%	45%
National NGO	5%	70%

Dependence on one type of resource can impact an NGO's ability to implement programs related to humanitarian and environmental issues. Most NGOs stated that relying on external funding sources for their annual budgets impacted their future planning and ability to invest in their own institutions. As a result, NGOs are forced to adapt and change their missions to suit donor interests. In the worst cases, some NGOs actually abandon their institutional missions in favor of funding from donors. Dependence on this funding source can result in damage to the NGO's reputation in the public, government and private sector. So funding diversification needs to be carried out to narrow dependence on one main source of funds. The level of dependence on international donors is also an issue for NGOs from Asian countries. Funding for NGO work programs comes from various sources such as donors/grants/contributions from philanthropists, donor agencies, investment financing made by organizations, and collaboration with companies or other sectors. Funding classifications for NGO financing can be differentiated according to their characteristics.

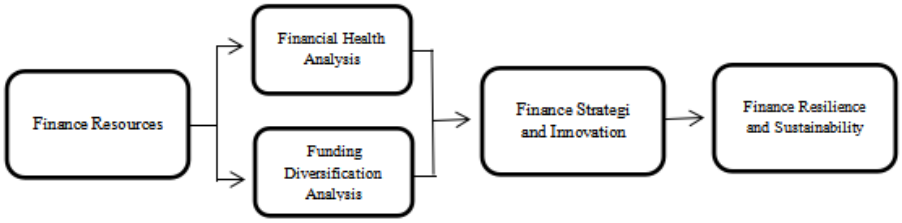

Figure 1. Framework

Research Methods

The type and source of data used in this research is secondary data. Secondary data is data obtained from other sources related to the research object that has been processed and presented by other parties. Secondary data in this research was obtained from the website https://antikorupsi.org, which is in the form of a financial report from ICW for 2017-2021. The data analysis technique used is a qualitative descriptive analysis technique using

financial ratio analysis and funding diversification on the secondary data that has been obtained. In this research, the financial ratios calculated to measure ICW's financial performance use the ratio measurement method developed by Ritchie and Kolodinsky (2003), and funding diversification will be measured using the modified Hirschman Herfindahl Index (HHI).

Table 2. Financial Ratios Included in Financial Performance Analysis and Income Diversification

No	Ratio	Information
Fiscal Performance Ratios		
1	Total income divided by total assets	The income in question is receipt from sources of income, both tied and unrestricted.
2	Total income divided by total expenses	In some organizations, the term expenses/expenses is replaced by expenses.
3	(Total income minus total expenses) divided by total income	Trussel (2003) terms this ratio as surplus margin, analogous to profit margin in business organizations
4	(Total income minus total expenses) divided by total assets	Analogy with ROA in profit organizations.
5	Net assets divided by total assets	
Non-Program Activity Efficiency Ratio		
6	Total income divided by non-program expenses	Modification of the ratio of total income divided by the expenses of seeking funds
Public Support Ratio		
7	Total contributions divided by total expenses	
8	Total contributions divided by total assets	
9	Total contributions divided by total income	
Investment Performance Ratio		
10	Cash and cash equivalents divided by total assets	
Program Efficiency Ratio		
11	Program expenses are divided by total expenses	Referring to Trussel (2003) and Core et al (2006)
Liquid Unrestricted Net Assets (LUNA)		

12	Unrestricted net assets divided by average monthly expenses	To measure how long an organization can survive without funding from committed donors.
Income Diversification		
13	The largest source of income squared divided by total income squared	Hirschman Herfindahl Index (HHI).

Result and Discussion

Financial Performance Ratios

Table 3. Financial Report Indonesia Corruption Watch (ICW) Period 2017 – 2021
Source of ICW Financial Report from https://www.antikorup.org/

Financial statements	2017	2018	2019	2020	2021
Cash and cash equivalent	6.717.770.889	13.994.157.456	13.640.660.036	11.345.153.926	28.443.558.420
Non-program expenses	5.385.230.904	5.637.747.212	5.431.757.008	4.695.924.764	3.893.265.798
Program expenses	7.280.193.522	13.105.016.456	10.924.395.186	8.113.602.744	13.279.445.710
Total income	10.619.800.533	25.197.255.555	13.780.364.993	10.938.732.692	37.261.674.073
Total assets	16.029.616.418	22.578.744.331	21.870.408.816	22.670.922.367	44.261.924.418
Total expenses	12.665.424.426	18.742.763.668	16.356.152.194	12.809.527.508	17.172.711.508
Monthly expense	1.055.452.036	1.561.896.972	1.363.012.683	1.067.460.626	1.431.059.292
Net assets	12.175.721.180	21.736.796.799	19.493.723.944	17.781.580.607	43.684.041.520
Total contribution	10,203,964,028	24,837,675,853	13,618,991,897	10,753,347,735	36,820,813,101
Unrestricted net assets	10.710.663.793	16.279.303.262	17.122.414.020	16.009.554.457	28.288.042.668

Table 4. Fiscal Performance Ratio Indonesia Corruption Watch (ICW) Period 2017-2021

Fiscal Performance Ratio	2017	2018	2019	2020	2021
Total income divided by total assets	0,66	1,12	0,63	0,48	0,84
Total income divided by total expenses	0,84	1,34	0,84	0,85	2,17
(Total income minus total expenses) divided by total income	(0,19)	0,26	(0,19)	(0,17)	0,54
(Total income minus total expenses) divided by total assets	(0,13)	0,29	(0,12)	(0,08)	0,45
Net assets divided by total assets	0,76	0,96	0,89	0,78	0,99

Based on the financial performance calculations in table 4.2, it was found that in 5 years, namely from 2017 to 2021, the fiscal performance ratio of Indonesia Corruption Watch (ICW) experienced waves of ups and downs. The first ratio is a calculation of total income divided by total assets. (Sanders, 2008) in his research says that if this ratio is greater than 1.0, it means that total income is greater than total assets. At the same time, if the value is close to 1.0, it means that the total income of the organization is slightly lower than the

value of the assets owned. Thus it can be concluded that the greater the ratio, the better the NGO's performance. In this case, in the first fiscal performance ratio, ICW's highest ratio was in 2018, namely 1.12. Meanwhile, the average fiscal ratio for five years was 0.74.

For the second fiscal performance ratio, namely the calculation of total income (obtained funds) minus total expenses and then divided by total assets. According to Sanders (2008), if the value is positive it shows that income is greater than expenses and the proportion of income saved as assets in that year. On the other hand, if the ratio value is negative, it occurs because the total income (obtained funds) is lower than the total expenses. However, in non-profit institutions/organizations, a condition where the percentage value shows negative does not mean that the institution/organization is in bad condition, but this can still be considered normal, because the expenses referred to in this ratio are different from the meaning of expenses in business companies. In calculating the second ratio, 2021 is the year with the highest ratio, namely 2.17, this is possible because ICW's income that year was very large. The average calculation for the second fiscal ratio is 1.2.

In the third fiscal performance ratio, for five years ICW's best performance was in 2021 with a ratio value of 0.54. Meanwhile, the average amount of income minus expenses compared to the amount of income received is 0.048, this is because in 2017, 2019 and 2020 the results of the minus ratio calculation. In the fourth fiscal performance ratio, ICW's best performance for five years was in 2021 with a ratio value of 0.45. Meanwhile, the average income from funds obtained from assets owned is 0.082, this is because in 2017, 2019 and 2020 the results of the ratio calculation were minus. In the last fiscal performance ratio, ICW's best performance for five years was in 2021 with a ratio value of 0.99. Meanwhile, the average amount of net assets owned by an organization compared to total existing assets is 0.87.

Table 5. Non-Program Activity Efficiency Ratio Indonesia Corruption Watch (ICW) Period 2017 – 2021

Efficiency Ratio Non Activities Program	2017	2018	2019	2020	Year 2021
Non-program expenses divided by total expenses	0,43	0,30	0,33	0,37	0,23

Based on the financial performance calculations in table 4.3, it appears that in the period 2017 to 2021 the highest efficiency ratio for non-program activities was in 2017, namely 0.43, while the average efficiency ratio for non-program activities over five years was 0.33. The non-program activity efficiency ratio describes the extent to which costs are incurred in the context of fundraising. In calculating this ratio, it can be concluded that ICW has an average proportion of around 33% of the total costs incurred per year. The size of a good non-program activity efficiency ratio for each NGO is different, because it is influenced by unrestricted income and how much donors provide management fees to finance non-program activities. The success of this efficiency can be seen from how many NGOs are able to obtain more diverse income after the costs and efforts incurred. Generally, non-profit organizations in Indonesia do not include costs for seeking funds or what are also called non-program costs, even though every rupiah spent to seek funds will generate income for the organization.

Table 6. Public Support Ratio Indonesia Corruption Watch (ICW) Period 2017 – 2021

Public Support Ratio	2017	2018	2019	2020	2021
Total contributions divided by total expenses	0.81	1.33	0.83	0.84	2.14
Total contributions divided by total assets	0.64	1.10	0.62	0.47	0.83
Total contributions divided by total income	0.96	0.99	0.99	0.98	0.99

The public support ratio is an important indicator in measuring the level of public support for a non-governmental organization (NGO).The public support ratio is a ratio used to measure an organization's ability to collect revenue (funds) from the public or in other words, it is an index of public support for an organization. In the first public support ratio table, it was found that for five years, 2021 was the year with the highest ratio, namely 2.14. The average proportion of costs (cost usage) that comes from contributed funds is 1.19. In the second public support ratio table, the highest value was in 2018, namely 1.10. The average proportion of funds obtained by organizations from the community compared to the total assets owned is 0.73. Meanwhile, in the latest public support ratio table, it was found that 2018, 2019, 2021 are the years with the highest ratio, namely 0.99. The average proportion of funds (use of funds) obtained by ICW from voluntary sources compared to the total income received by the organization is 0.98. Overall, the increasing trend in the Public Support Ratio shows a positive signal for ICW. It is important for ICW to these ratios to ensure financial sustainability and assess the effectiveness of its fundraising efforts.

Table 7. Investment Performance Ratio Indonesia Corruption Watch (ICW) Period 2017 – 2021

Investment Performance Ratio	2017	2018	2019	2020	Year 2021
Cash and cash equivalents divided by total assets	0,42	0,62	0,62	0,50	0,64

Investment Performance Ratios, especially in the context of the Indonesia Corruption Watch (ICW), provide an overview of how an organization manages and utilizes the assets it owns. Based on financial performance calculations (Table 4.4), it appears that in 5 years the highest investment performance ratio was in 2021, namely 0.64, while the average investment performance ratio over five years was 0.56. This ratio shows significant fluctuations from year to year. ICW had a relatively high cash and cash equivalent ratio, indicating the ability to manage liquidity well. However, the significant decline in 2018 and 2021 requires special attention regarding organizational liquidity management. The decline in 2020 could indicate a change in ICW's financial policy or strategy. This needs to be evaluated further to understand the causes and assess the impact on overall organizational performance.

Table 8. Program Efficiency Ratio Indonesia Corruption Watch (ICW) Period 2017 – 2021

Program Efficiency Ratio	2017	2018	2019	2020	Year 2021
Program expenses divided by total expenses	0,57	0,70	0,67	0,63	0,77

The Program Efficiency Ratio is an indicator that reflects how efficient an organization, in this case Indonesia Corruption Watch (ICW), is in managing and allocating costs for the programs implemented. Based on the financial performance calculations in table 4.6, it appears that in 5 years the highest program efficiency ratio was in 2021, namely 0.77, while the average program efficiency ratio over 5 years was 0.67. There is a significant upward trend in the program cost efficiency ratio from 2017 to 2021. This increase in ratio may reflect an increase in the focus or intensity of the program implemented by ICW. Increases can be caused by organizational policies to strengthen certain programs. Even though the ratio increases, it is necessary to ensure that the increase in program costs provides significant added value and is efficient in achieving organizational goals.

Table 9. Liquid Unrestricted Net Assets Indonesia Corruption Watch (ICW) Period 2017 - 2021

OPERATING RESERVES	2017	2018	2019	2020	Year 2021
Liquid unrestricted net assets divided average monthly expenses	10	10	13	15	20

This ratio reflects how long an organization can finance a program using unrestricted net assets, compared to average monthly costs. There was a significant increase from 2017 to 2021, from 10 to 20.In the table it is found that, if ICW does not receive tied income from donors, then the organization's ability to still be able to finance the running of the program using unrestricted funding sources is for 20 months in 2021. The ability to finance the program without tied income assistance since 2018 has continued to increase , this is a positive signal for the sustainability of the organization. A high ratio indicates that ICW has sufficient liquidity reserves to cover its operational costs in a certain period, even if revenues fall or there are urgent needs. An increase in this ratio may reflect careful financial management and policies that support the accumulation of unrestricted net assets. Even though the increase in liquidity is positive, ICW needs to consider investment policies and net asset allocation that are not restricted for strategic use to support the organization's vision and mission.

Table 10. Income Growth Indonesia Corruption Watch (ICW) Period 2017-2021

DESCRIPTION	2017	2018	2019	2020	2021
TOTAL income	10.619.800.533	25.197.255.555	13.780.364.993	10.938.732.692	37.261.674.073
TOTAL expense	12.665.424.426	18.742.763.668	16.356.152.194	12.809.527.508	17.172.711.508
Net surplus/deficit	(2.045.623.893)	6.454.491.887	(2.575.787.201)	(1.870.794.816)	20.088.962.565
Growth in income		137%	-45%	-21%	241%

ICW's total revenue experienced significant fluctuations during the 2017-2021 period. There was a dramatic increase in 2018, followed by a decrease in 2019 and 2020, and then a tremendous spike in 2021.Total costs also fluctuate, but with a different trend than total income. There was a significant decrease in 2019 and 2020, followed by an increase in

2021. ICW experienced deficits in 2017, 2019 and 2020; while in 2018 and 2021, it recorded a significant net surplus, especially in 2021. Revenue growth trends reflect significant fluctuations. There was a big spike in 2018, followed by a decline in 2019 and 2020, then an extreme spike in 2021. The 241% jump in revenue in 2021 stands out and requires further explanation. This increase could be due to factors such as special funds, large projects, or additional sources of income. Significant fluctuations in 2018 and declines in 2019 and 2020 highlight the challenges in maintaining consistent growth. Even though the surplus in 2021 is positive, careful financial management remains important to ensure that high revenues are accompanied by prudent spending.

Financial Performance Indonesia Corruption Watch (ICW)
Period 2017-2021

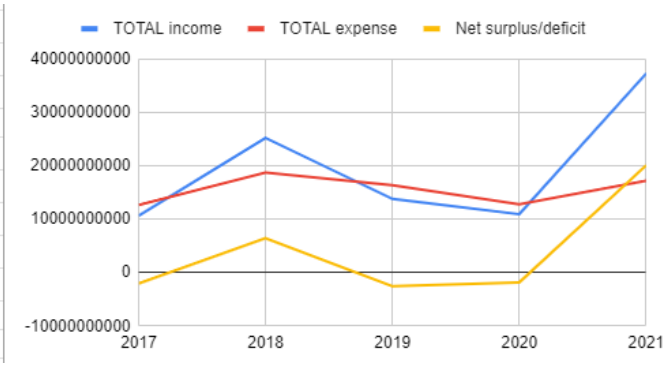

Figure 2. Research Findings

ICW's financial performance in 5 years, namely from 2017 to 2021, was fluctuating, with the highest growth in income in 2021, namely 214% from the deficit in previous years. Achievements in 2021 are worth celebrating, but we still have to think about strategies so that this condition remains stable in the following years.

Income Diversification

Table 11. Source of Income
Indonesia Corruption Watch (ICW)
Period 2017 - 2021

INCOME DIVERSIFICATION	2017	2018	2019	2020	2021
AIPJ	221.415.761				
DANIDA	1.070.117.946	157.897.747			
DDP					67.631.255
ECF	2.859.991	906.595.980			849.620.733
Ford Foundation		10.734.538.170			21.763.006.490
GIZ			573.140.000		484.525.503
GIZ PEN PAPUA				1.427.025.033	
HIVOS VCs	848.328.633				
HIVOS OC Exit Strategy				192.250.000	
HIVOS OPEN	105.766.241	385.215.880	788.115.050	49.689.370	
IFES	302.768.861	6.398	555.115.189		
Internews					1.254.398.566
Klua Compact					164.711.855
Kurawal				1.740.875.000	696.350.000

Madani					339.362.500
MSI USAID	2.039.023.967	2.448.037.743	3.688.502.068		1.199.156.400
MSI Anticorruption Academy				872.197.916	
MSI Stranas PK-KPK Commissioners				285.961.076	
MSI Covid 19				1.136.275.000	
IS					351.862.912
OCP				153.285.000	1.438.560.000
Packard					491.575.000
TAF Sakti Papua				475.857.375	
TAF Setapak 2016	539.160.975				
TAF Setapak 2017	425.353.055	745.538.344	58.098.025		
TAF Setapak 2019			330.401.250	36.711.250	
TFK		132.235.403	211.200.368		
TIFA	541.923.329	998.062.725	482.200.000		
VOICE		1.023.933.515	1.090.817.990	1.026.692.424	
Interest Income restricted				39.536.069	301.851.868
Contribution and Other Income	3.075.850.455	5.855.096.596	3.874.712.755	2.990.024.144	7.190.660.496
Fundraising	1.031.394.814	1.450.517.352	1.966.689.202	366.504.147	529.391.391
Cooperative	120.156.390				
Interest Income	110.901.927	69.899.845	100.035.933	114.575.219	113.002.402
Personal Loan Interest Income	73.175.977	82.401.650	48.288.105	37.391.455	26.006.702
Foreign Exchange	27.068.266	120.234.997	8.549.058	-6.117.786	
Others	84.533.945	87.043.210	4.500.000		
TOTAL RESTRICTED	**6.096.718.759**	**17.532.061.905**	**7.777.589.940**	**7.436.355.513**	**29.402.613.082**
TOTAL UNRESTRICTED	**4.523.081.774**	**7.665.193.650**	**6.002.775.053**	**3.502.377.179**	**7.859.060.991**
TOTAL - Income	**10.619.800.533**	**25.197.255.555**	**13.780.364.993**	**10.938.732.692**	**37.261.674.073**

Table 13. Hierschman Herfindah Index Indonesia Corruption Watch (ICW) Period 2017 - 2021

Year	2017	2018	2019	2020	2021
The Large	Contribution	Ford Foundation	Contribution	Contribution	Ford Foundation
	0,08	0,18	0,08	0,07	0,34

Based on the HHI concept, a diversification strategy would say to be more diversified if the HHI value is low, this shows that the income of each segment is large or not based on just a few segments. Diversification score ranges from 0 to 1. The closer to 1, the more concentrated funding is, while the closer to 0, the more diversified. For five years, the best diversification score was in 2020, namely 0.07, while the average score for 5 years was 0.15, which means it is still in the diversified category. Meanwhile, if calculate the income of each source of funds divided by the total income each year, the following results are obtained:

Income Diversification Indonesia Corruption Watch (ICW)
Period 2017

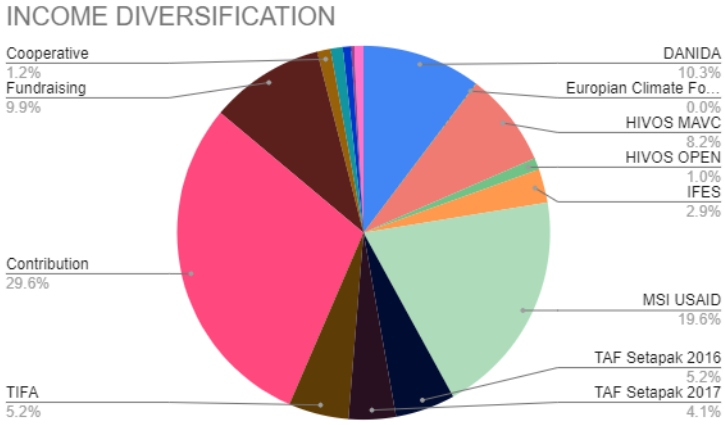

Figure 3. Research Findings

In 2017, it was found that income from restricted sources was much greater, restricted income is 57% while non-restricted income is 43%. The findings also stated that ICW's largest opinion came from contributions, namely 29.6% or IDR 3,075,850,455.00.

Income Diversification Indonesia Corruption Watch (ICW)
Period 2018

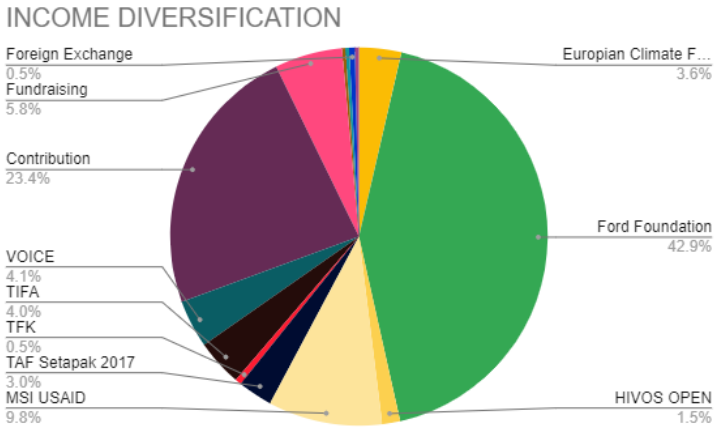

Figure 4. Research Findings

In 2018, it was found that income from restricted sources was much greater, restricted income is 70% while non-restricted income is 30%. The findings also state that the largest ICW opinion comes from the Ford Foundation, namely 42.9% or IDR 10,734,538,170.00.

Income Diversification
Indonesia Corruption Watch (ICW)
Period 2019

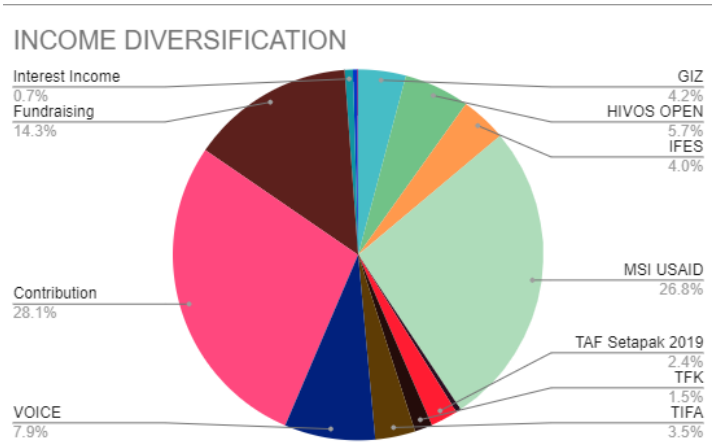

Figure 5. Research Findings

In 2019, it was found that income from restricted sources was much greater, restricted income is 56% while non-restricted income is 44%. The findings also stated that ICW's largest opinion came from contributions, namely 28.1%, followed by donors from MSI USAID at 26.8%.

Income Diversification
Indonesia Corruption Watch (ICW)
Period 2020

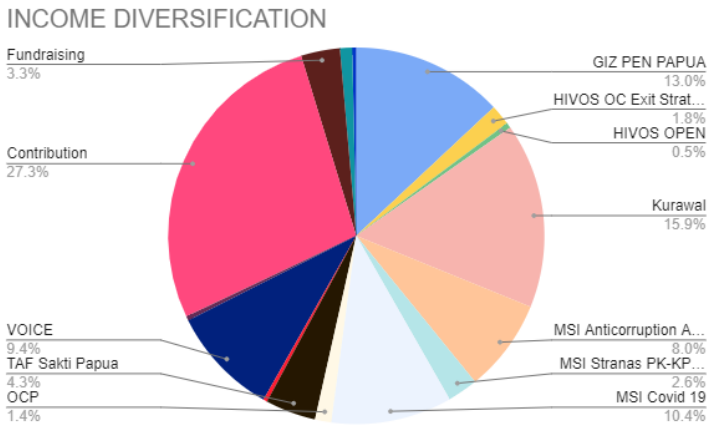

Figure 6. Research Findings

In 2020, it was found that income from restricted sources was much greater, restricted income is 68% while non-restricted income is 32%. The findings also stated that ICW's largest opinion came from contributions, namely 27.3% or IDR2,990,024,144.00.

Income Diversification
Indonesia Corruption Watch (ICW)
Period 2021

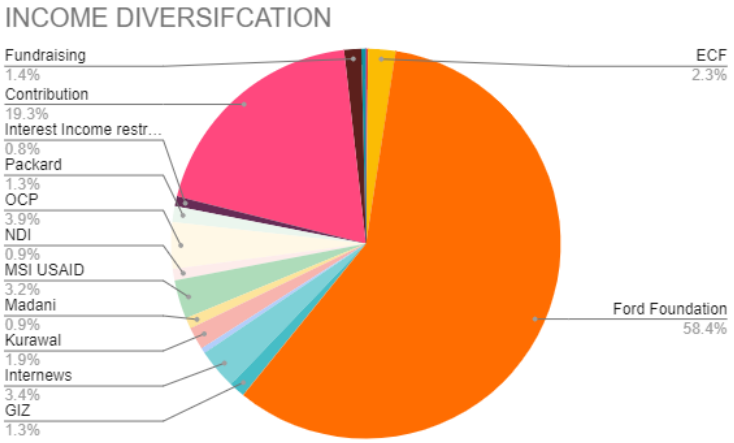

Figure 7. Research Findings

In 2021, it was found that income from restricted sources was much greater, restricted income is 79% while non-restricted income is 21%. The findings also stated that the largest ICW opinion came from the Ford Foundation, namely 58.4% or IDR21,763,006,490.00.

Table 19. Restricted VS Unrestricted Income Indonesia Corruption Watch (ICW)
Period 2021

DESCRIPTION	2017	2018	2019	2020	2021	AVERAGE
TOTAL RESTRICTED	0,57	0,70	0,56	0,68	0,79	0,66
TOTAL UNRESTRICTED	0,43	0,30	0,44	0,32	0,21	0,34

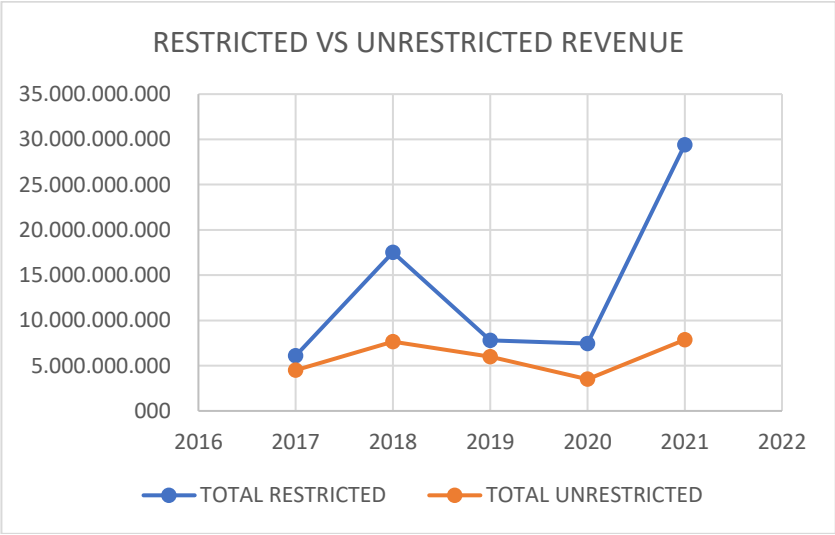

Figure 8. Research Findings

From the analysis of income diversification during the 2017 to 2021 period, it was found that committed funding sources were much greater than unrestricted funding sources. In

this period, the dominance of dependence on ICW funding sources was alternately dominated by 2 main funding sources. In 2017, 2019 and 2020 ICW's largest funding came from contributions, while in 2018 and 2021 ICW's largest funding came from the Ford Foundation. Diversification of income can help ICW to reduce dependence on one or several main sources of income. Diversity of income sources increases financial stability, reducing the risk of negative impacts from economic changes or changes in donor support. With diversified revenues, ICW has the ability to implement programs and projects that are more diverse and relevant to the organization's mission. New projects can be launched or scaled up, having a greater positive impact on society or the environment.

Conclusion

Based on an analysis of financial health which is measured using fiscal performance ratios, non-program efficiency ratios, public support ratios, investment performance ratios, program efficiency ratios, The ratio of net assets that are not restricted in use and diversification of funding, shows fluctuating results from the period studied for 5 years, namely from 2017 to 2021. There is a deficit in 2017, 2019 and 2020 which is the result of revenues minus costs, this is not is always considered negative, because this can be caused by delays in disbursement of funds from donors or the remaining funds from last year (initial balance). Some ratio measurements are still biased towards profitable companies, this still needs to be done further research in order to formulate the right formula. Non-profit organizations do not recognize profits, the costs incurred are adjusted to the agreement with the grant provider, the use of grant funds is maximized and if there are remaining funds then the remaining funds will be returned/made no cost extension. From the 5 year reports analyzed, fund receipts decreased in 2019 and 2020, but in 2021 income increased significantly. Financial performance will also increase in 2021 as seen from growth in income, namely 241%. Overall, ICW's financial performance is in the healthy/good category as seen from the positive results of the average calculation of its financial performance ratio. Meanwhile, the results of the income diversification analysis show that funding sources from ICW are very diverse, during the 2017 to 2021 period, it was found that tied funding sources were much greater than unrestricted funding sources. In this period, the dominance of dependence on ICW funding sources was alternately dominated by 2 main funding sources. In 2017, 2019 and 2020 ICW's largest funding came from contributions, while in 2018 and 2021 ICW's largest funding came from the Ford Foundation. ICW's diversified income is a positive signal for the organization's financial sustainability, because income diversification is a strategy to reduce volatility. Good financial sustainability must continue to be maintained. Management must remain focused on long-term strategies that support the organization's vision and mission. The existence of fluctuations and volatility requires careful monitoring and quick response from management. Adaptive strategies can help deal with sudden changes in financial conditions. Limitations in some ratio measurements indicate the need for further research to formulate formulas that are more precise and relevant to the context of non-profit organizations. Improvements in ratio measurement can provide a more accurate picture of financial performance.

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