

Alnajjar, F. A. (2021). Financial Sustainability and financial Reporting Practices in Developing Countries: Evidence from Iraq. *Akkad Journal of Contemporary Accounting Studies*, 1(3), 223-240.

FINANCIAL SUSTAINABILITY AND FINANCIAL REPORTING PRACTICES IN DEVELOPING COUNTRIES: EVIDENCE FROM IRAQ

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Received: April 2021

1st Revision: July 2021

Accepted: August 2021

ABSTRACT. This study seeks to discover the nature of the link between the financial reporting methods used by nonprofit organizations in Iraq and their long-term financial viability. NPO financial reporting methods now are not consistent with their nature. According to the exploratory study, they do not satisfy stakeholder expectations, which also shows that the general assessment of the financial reporting system of Iraqi NPOs is inadequate. For the three years, 2015-2017, data from a study of 70 Iraq-registered NGOs shows that most financial sustainability metrics were poor, except the current ratio, which shows that 69% of NPOs had sufficient cash. However, when it comes to solvency (39%) and saving (19%) as well as defensive interval, the data show a zigzag pattern of decrease (46 percent). As a result of inadequate Iraqi financial reporting standards and low economic sustainability indicators, the study concludes that nonprofit organizations' financial reporting system is integrated with financial sustainability.

JEL Classification: L30, L31,
M83

Keywords: nonprofit organization, Financial reporting, accounting standards, financial sustainability, sustainability ratios