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ALIGNING FINANCIAL REPORTING OBJECTIVES WITH OPERATIONAL ORIENTATION IN HYBRID NON-PROFIT ORGANIZATIONS: A CONCEPTUAL MODEL

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Abstract: *The landscape of charitable entities has shifted towards hybrid models, which combine social missions with commercial income-generating activities, thus presenting a unique challenge for financial reporting. Using waqf institutions as a definitive example of this hybrid structure, this conceptual paper addresses the ongoing debate between the two primary objectives of financial reporting: decision-usefulness and stewardship/accountability. Without a generally agreed-upon conceptual framework, standard-setting lacks cohesiveness, resulting in inconsistent reporting practices for institutions balancing dual missions. To resolve this, the paper proposes the Operational-Reporting Alignment Model, which asserts that a hybrid non-profit organisation's (NPO) financial reporting objective should be explicitly dictated by the intensity of its operational focus. Drawing on empirical evidence from Malaysian waqf institutions and the literature on hybrid organizations, this paper develops the Operational–Reporting Alignment Model. While the model is conceptualized using the waqf context, it is proposed as a theoretical framework for understanding how operational orientation may shape financial reporting objectives in hybrid charitable organizations more broadly. This model suggests that socially oriented institutions focusing heavily on non-income-generating welfare activities should adopt stewardship/accountability as their primary reporting objective, with decision-usefulness as a secondary focus. Conversely, economically oriented institutions that prioritise commercial activities to fund their social missions should adopt decision-usefulness as their primary objective. The paper further explores how this alignment theoretically informs subsequent reporting practices, such as the choice between historical costs (aligned with demonstrating stewardship) and current values (aligned with future-oriented decision-usefulness), and whether reports should target general or specific user needs. The paper concludes by urging accounting regulatory bodies to embed flexibility within financial reporting frameworks, allowing the primary objective to reflect the institution's dominant operational activities to effectively satisfy diverse and competing stakeholder claims.*

Keywords: NPO, reporting, stewardship/accountability, decision-usefulness, stakeholders

1. Introduction

Charitable entity has long been known as organization that is established to serve social mission and funded mainly through public donation and contribution. For this reason, charities must continually convince the public to contribute financial means to fund their operation in providing social goods and services to the beneficiaries. Providing information to the public on how the financial contribution is being used is a tool to earn public trust. Greater fund collection enables charities to expand the scope and scale of programs and activities undertaken to fulfil their organizational mission, thereby enhancing their capacity to generate social impact. However, excessive reliance on public funding places the charity at risk of becoming financial unsustainable. This may eventually lead to the cessation of its operation. The need for charities to diversify their revenue streams to ensure long-term organizational sustainability has been emphasized in many studies. Among others are by (Omura & Forster, 2014) who highlighted that one of the major issues of sustainability for charity sector is the lack of self-generated income.

Among various charitable organizations, *waqf* provides a particularly appropriate context for examining this challenge. Unlike conventional charities that rely predominantly on donations, *waqf* combines philanthropic objectives with income-generating activities to sustain its social mission. This hybrid nature makes *waqf* an informative case for exploring how operational orientation influences financial reporting objectives.

In Islam, charity is classified into three categories; namely compulsory charity (*zakah*), voluntary charity (*sadaqah*) and perpetual charity (*waqf*) (Sadeq, 2002). Although collection and distribution of *zakah* are well determined in *Shari'ah*, the view of the majority of Muslim scholars has been specific in entitling only Muslims recipients to be part of the above categories (Qaradawi, 2011). However, there are a number of other opinions that allow the payment of *zakah* to non-Muslims. They argue that the restriction applies only to the non-Muslims who fight Muslims. Instead, *zakah* is allowed to be given to those in needs among the non-Muslims that who belong to people of the pledge[1] (Qaradawi, 2011). *Sadaqah* or voluntary charity, on the other hand, caters both Muslims and non-Muslims who are in need of some provisions and it is not bound by the specific conditions like *zakah*. In other words, one can give *sadaqah* in any amount, at any time and to anybody who are in need of help. While *sadaqah* serves the society in whole, it is a "one-off" giving. Normally when the recipients receive the donation, the benefit is immediately consumed and is not perpetual. This is like one who gives a fish to a needy who will only benefit from it on that day. To ensure sustainable life, a giving that provides continuous or perpetual benefits should be provided to these beneficiaries.

Waqf offers a solution for the limitations that exist in both *zakah* and *sadaqah*. Being a voluntary and perpetual form of charity, *waqf* serves both Muslims and non-Muslims alike by providing continuous benefits that can be enjoyed by many generations of the society. The word *waqf* is derived from an Arabic term "*waqf*", which means 'stop', and involves the perpetual preservation of property and continuous discharge of its benefits for philanthropic purposes. *Waqf* is defined as the dedication of a property either in expressed terms or by implication, for any charitable or religious object, or to secure any benefit to human beings (Abu Zahrah, 2007; Siti Mashitoh, 2006).

Although this paper draws primarily on empirical evidence from Malaysian *waqf* institutions, the conceptual issues examined are not unique to *waqf*. *Waqf* institutions exemplify

[1] The people of the Book (Jews and Christians) and all like them who live within the Muslim society, pledging their allegiance to the state, and obeying its laws.

hybrid non-profit organizations that simultaneously pursue social missions while engaging in commercial activities to sustain their operations (Ventura, 2022). Recent evidence from small and medium-sized social enterprises further shows that hybrid entities must continuously align multiple, sometimes competing, mandates with their core mission through community embeddedness and proactive internal monitoring (Osembo et al., 2025). This reinforces the argument that the tension between social and commercial objectives is a defining feature of hybrid organizations generally, not a peculiarity of the waqf context. Consequently, the insights derived from the *waqf* context provide a useful basis for developing a conceptual model that may be applicable to other hybrid charitable organizations with similar dual objectives.

2. The objective of *waqf* creation

Waqf has been acknowledged as an institution that has historically contributed to the development of socio-economic in Muslim societies (Tunku Alina, 2011). In today environment, the efficiency and effectiveness of administration are the main factors for *waqf* institution to become a sustainable form of charity and to successfully play its important role in providing social goods and bring about socio-economic development (Maliah & Zakari, 2015; Obaidullah, 2014).

The survival of any charity is dependent on funding. *Waqf* is not exceptional and it is a perpetual type of charity. The perpetuity of *waqf* is possible through continuous funding from external contribution and/or from internally generated income. While the former option of financial support does not make *waqf* distinctive from the other forms of charity, the latter option is the unique feature of *waqf* that makes it a sustainable charity. One way of realising this is through a venture into commercial activities to generate income to support its operation in distributing *waqf* benefits to the intended beneficiaries. Maintaining the continuity of these two main sources of fund for *waqf* is the primary challenge of *waqf* managers.

Donors' contribution is subject to uncertainty. Heavy reliance on donors' contribution alone would jeopardize the perpetual provision of social goods and services. Having no self-generated income is a major problem of sustainability for charity sector (Omura & Forster, 2014). Internally generated income, instead, could secure such philanthropic mission while improving the existing *waqf* to extend the benefits to larger groups of beneficiaries. Thus, the involvement of *waqf* in business activities is a critical success factor in ensuring continuous income generation to sustain the operation of *waqf* (Maliah & Zakari, 2015).

The simultaneous pursuit of social mission and commercial sustainability fundamentally changes the nature of *waqf* institutions**.** Accordingly, *waqf* may be viewed as a hybrid organization (Reiser, 2011; Ebrahim et al., 2014) similar to social enterprise (Ebrahim et al., 2014) having dual objectives – social and profit – to pursue in their operational strategies. This notion has been empirically supported by majority of the *waqf* managers interviewed in Norman's (2020) study on financial reporting objectives of Malaysian *waqf* institution. First, *waqf* is created to provide continuous social benefits and second, *waqf* needs to generate its own income to ensure its sustainability. *Waqf* managers are expected to realize both objectives and effectively and efficiently run the institution toward achieving those objectives simultaneously. Conflict of interest, however, may arise in pursuing both objectives. Since currently *waqf* is very much dependent on the revenue generated from commercial activities to sustain its operation, the institution is inherently at risk of giving more emphasis on the profit-generating activities over the social activities (Ebrahim et al., 2014). Hence, it is a challenge for the *waqf* managers to handle the trade-off between the two objectives as to ensure that their operational strategies are not geared too much towards profit orientation while dismissing the

social objective. Instead, too much focus on social objective and mission without considering the profit generating strategy will entail to the financial unsustainability of *waqf* institution.

Waqf institutions represent a distinctive form of hybrid non-profit organization because they combine charitable objectives with income-generating activities to ensure long-term sustainability. While their religious and legal characteristics differ from those of other charitable organizations, the managerial tensions arising from balancing social impact and financial sustainability are conceptually similar to those experienced by many hybrid non-profit organizations. Therefore, *waqf* provides an appropriate context for theory development concerning the relationship between operational orientation and financial reporting objectives. This argument is supported by a recent practical development. In October 2025, INPAS became the first global accounting standard designed specifically for non-profit organizations. It recognises that organizations may place different levels of emphasis on stewardship and decision-usefulness, depending on their context (IFR4NPO, 2025). This provides external support for the theoretical model developed in this paper.

3. The financial reporting objective of hybrid organization

The inherent tension between social mission and financial sustainability of hybrid organization such as *waqf*, underscores the importance of an appropriate financial reporting system for the institutions. Since financial reporting is the principal mechanism through which organizations communicate organizational performance and accountability to stakeholders, it should reflect the institution's dominant operational priorities. Financial reporting should not merely document financial transactions or demonstrate regulatory compliance; rather, it should serve as a mechanism for communicating how effectively the institution balances its dual objectives. By providing relevant and reliable information on both financial performance and the achievement of *waqf*'s social mission, financial reporting enables stakeholders to evaluate whether resources are managed in accordance with the intentions of the waqif while ensuring the institution's long-term sustainability through developing and maintaining public trust of the existing and potential donors. Consequently, understanding the objectives of financial reporting in the context of hybrid organization becomes essential, as these objectives determine the type of information disclosed and the extent to which financial reports support accountability, transparency, and informed decision-making.

Since the 1960s, the debates on setting the objective(s) of financial reporting have resulted in two main concepts namely, decision-usefulness and stewardship/accountability. Paragraph 1.2 of the 2018 Conceptual Framework for Financial Reporting states that decision-usefulness refers to "the objective of general-purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity." Meanwhile, stewardship/accountability is described in paragraph 1.4 (b); "to make the assessments described in paragraph 1.3, existing and potential investors, lenders and other creditors need information about how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's economic resources". Even the most recent standard-setting activity leaves this tension unresolved. In its September 2024 update to the Conceptual Framework, the FASB reaffirmed that both future cash-flow prospects and management stewardship are equally important. It did not place one objective above the other. Independent analysis also finds that the two objectives still compete for priority in standard-setters' discussions (Orthaus-Wahl et al., 2025).

For more than four decades, the concept of decision-usefulness has been widely accepted as the single objective of financial reporting, but that is not without any dispute from the accounting scholars. Often there seemed to be no link or association between the asserted objective of the financial statements and their actual content (Zeff, 2013). For example, the historical approach of assets and liabilities' recognition and measurement are incongruous with the prospectus nature of the decision-usefulness objective.

Scholars have been on disputes of whether the financial reporting should have decision-usefulness or stewardship/accountability as its primary objective. Advocates of each have provided various arguments to support their views (see examples; (Kam, 1990; Lennard, 2007; Williams & Ravenscroft, 2015). For example, Laughlin (2012)maintains that if decision-usefulness is being adopted, the financial statements should be one off and specific, designed for a particular decision for a specific user at a specific moment in time. In other words, accountants should pay close attention to users who may have varying needs in accounting information. Stewardship financial reporting, on the other hand, contains information that is generic in nature. (Williams & Ravenscroft, 2015) assert that financial statements should provide only "fact" and generic information to the users. It is up to the users on how the information is to be used, whether for resource allocation decisions or measuring the management's performance. The authors believe that decision-usefulness approach always implies motives and action that entails the decision, while accounting for stewardship is more of judgment usefulness.

Although previous accounting literature has extensively debated whether decision-usefulness or stewardship should be regarded as the primary objective of financial reporting, these discussions have generally assumed that a single objective applies universally across organizational settings. This paper challenges that assumption by arguing that, for hybrid non-profit organizations, financial reporting objectives should be contingent upon the institution's operational orientation. Since financial reporting serves as the primary mechanism through which organizations communicate their stewardship, performance, and resource utilization, its objective should reflect the operational activities that dominate organizational strategy. Organizations primarily engaged in social service delivery have different accountability relationships and stakeholder information needs from those whose sustainability depends substantially on commercial income-generating activities. Accordingly, the primary objective of financial reporting should vary with operational orientation rather than remain fixed across all hybrid organizations. This proposition forms the theoretical foundation of the Operational–Reporting Alignment Model developed in this paper.

4. The Operational-Reporting Alignment Model

Norman's (2020) study on financial reporting objectives of Malaysian *waqf* institutions found that an organization's dominant operational objectives/activities determine its financial reporting objective, either stewardship/accountability or decision-usefulness, or both. Recent independent waqf-reporting research supports this finding. Evidence from Zurri waqf practice shows that positive accounting theory, decision-usefulness, and stewardship together influence how waqf institutions prepare reports (Sri Wahyu Sakina et al., 2024). Similarly, a meta-narrative review finds that reporting and governance are central to how accountability is understood and applied in waqf institutions (Ainol-Basirah & Siti-Nabiha, 2023).

Waqf is an institution that is different from business organization, not-for-profit organization, public benefit entity or benefit corporation. Due to its different nature, adopting

similar reporting objectives to those business organizations may not be a proper practise for *waqf* institution.

The adoption of stewardship/accountability as the financial reporting objective by *waqf* institution in Malaysia is observed through two main evaluation practices. First, the financial reports are perceived by *waqf* managers to be a means for the stakeholders to monitor how the institutions fulfil *waqf* purposes. It is the responsibility of *waqf* institutions to carry out the purposes of *waqf* creation as entrusted to them by the *waqif* upon contributing the *waqf* assets. Second, the transparency in reporting is perceived to be a significant factor that the stakeholders would consider in assessing the management's stewardshipness (Dawes, 2010). *Waqf* institutions are expected to disclose information on how they manage the *waqf* assets to the extent that their stewardshipness could be properly assessed by the stakeholders. These practices are in line with the assertion by (Gassen, 2008) who define stewardship as providing information that is useful for the evaluation of management's actions.

With regards to decision-usefulness, (Norman, 2020) study observed two operational objective/practices in *waqf* institution that signify the adoption of decision-usefulness objective. First, *waqf* managers believe that the financial reports are prepared to build or improve public trust thus, encourage more *waqf* contribution from existing as well as potential *waqif* (*waqf* donors). Second, similar to other organizations, the financial reports of *waqf* institutions may also be used to pull investment financially or non-financially from potential *waqf* partners (Smith & Cordina, 2014; Trussel & Parsons, 2004). Some *waqf* stakeholders or partners such as financial institution and property developer do have interest in *waqf* institutions as they also contribute towards the development of *waqf* properties. They are strategic entities that may provide financial or non-financial assistance to support *waqf* project developments. Undeniably, this is a challenging effort given the fact that this type of charity contributors normally seeks no "worldly" and financial incentives from the institutions in return for their contributions. Therefore, the *waqf* institutions may need to find alternative ways to convince the public about the worthiness of their "investment" in *waqf*.

Table 1.1 Operationalization of reporting objectives

Operationalization of reporting objectives	**Reporting Objectives**
To monitor how waqf institutions fulfil waqf purposes.	Stewardship/ accountability
To monitor how transparent waqf institutions is in reporting their activities (collecting fund, managing waqf assets and distributing waqf benefits)	
To encourage more waqf contribution from waqif and potential waqif.	Decision-usefulness
To encourage more investment by waqf partners.	

Based on the above discussion, as summarized in Table 1.1, it is either stewardship/accountability or decision-usefulness objectives, or both may be adopted by *waqf*

institutions as their financial reporting objective/(s). Each operational objective reflects different reporting objective which lead to varying reporting practices.

Building upon empirical findings from Malaysian *waqf* institutions and relevant literature on hybrid charitable organizations, this paper proposes the Operational–Reporting Alignment Model as shown in Figure 1.1. Although the model is conceptualized using the *waqf* context, its underlying theoretical logic is intended to extend to other hybrid charitable organizations whose operational objective/activities encompass both mission-driven and revenue-generating functions. Accordingly, the model should be viewed as a conceptual framework requiring empirical validation across different organizational settings. This proposal addresses a key gap in the waqf-accounting literature. Although scholars increasingly call for a standardised waqf reporting framework, no comprehensive standard currently links reporting with governance. As a result, individual institutions interpret their reporting responsibilities differently (Roslan & Muhamad, 2024).

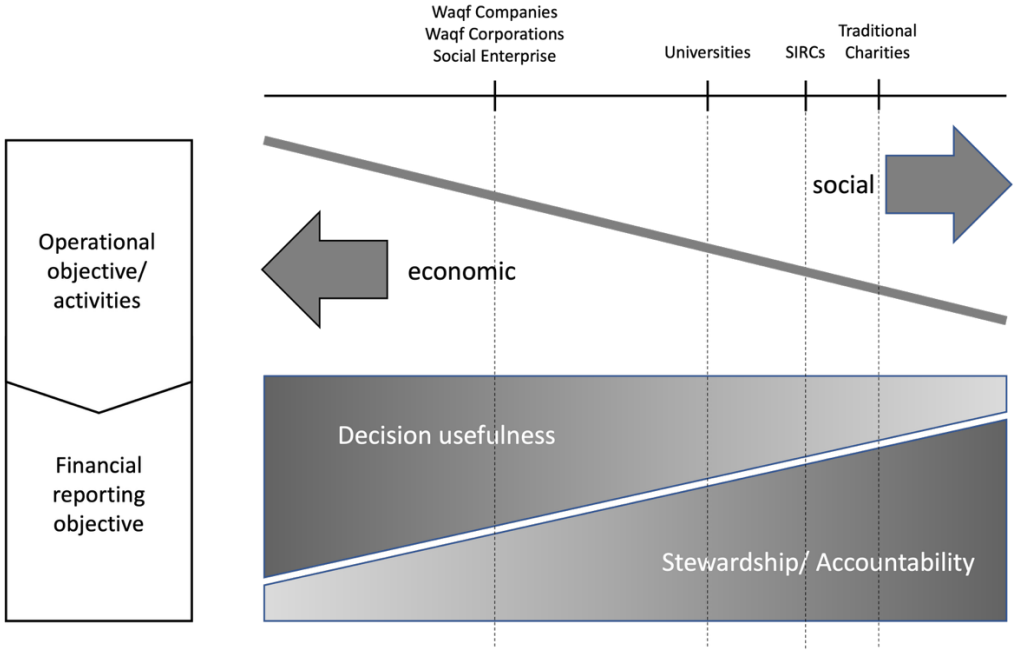

Figure 1.1 The Operational-Reporting Alignment Model

The model suggests that the financial reporting objective of *waqf* institutions may be influenced by their operational objective or short-term objective. While all *waqf* institutions share the same ultimate mission of providing social benefits to the intended beneficiaries in terms of the operational objectives, this study found that *waqf* institutions are divided into at least two categories. First category consists of *waqf* institutions which operational activities are mainly focusing on providing social welfares to the beneficiaries specifically, and the society at large while relying mostly on government grants or donations. This is very much similar to traditional not-for-profit organization whose main objective is to maximise benefits to its intended recipients (Omura & Forster, 2014). This organization is mission-driven with a goal to create social value and any funds collected is directed toward mission activities (Alter, 2007). Most of the State Islamic Religious Councils (SIRCs) and *waqf* managing universities fall under this category. In this category, the sources of *waqf* funds are generally from public contributions and government grants. The cash *waqf* contributed by *waqif* is solely dedicated

to the development of physical properties such as mosques, schools, public infrastructures and healthcare facilities, which benefit the public.

Second category comprises of *waqf* institutions that focus on the income-generating activities to support the social element of *waqf*. This category is similar to organizations known as Social Enterprise. (Alter, 2007) defines Social Enterprise as "any business venture created for a social purpose–mitigating/reducing a social problem or a market failure–and to generate social value while operating with the financial discipline, innovation and determination of a private sector business". In other words, this type of organization applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders. The organizational approach of this organization is a balance of mission and market-driven with the goal to create social as well as economic value, and the income generated from its economic activities is reinvested in mission activities, expenses and/or retained for business growth (Alter, 2007; Dees, 2001). *Waqf* corporations and *waqf* companies are institutions in this category that seems to concern more on the sustainability of the *waqf*. Their goal is not only to develop *waqf* properties but also to maintain as well as to flourish more *waqf* properties. Continuous funding is needed for the maintenance and new *waqf* development. However, such goal may not be realizable unless part of *waqf* income is used for reinvestment activities. The practice of *waqf* benefit reinvestment enables more *waqf* projects/properties being developed hence contributing to an increase of the total *waqf* benefits that can be delivered to the beneficiaries.

The above categorization of the operational objectives/activities may help to explain the adoption of financial reporting objective by *waqf* institutions and other hybrid charitable organizations. The intensity of the operational objectives/activities either more towards social or economic, may determine the type of financial reporting objective – decision-usefulness or accountability stewardship -the institution is adopting.

The model suggests that when the focus of the operational objectives/activities of *waqf* institutions and hybrid charitable organizations are geared more towards providing social welfares to the beneficiaries through *waqf* property development or other social goods and services, these organizations tend to adopt stewardship/accountability as their primary financial reporting objective and decision-usefulness as their secondary objective. On the other hand, when the economic activities are prevalent, the *waqf* institutions and hybrid charitable organizations are inclined towards adopting decision-usefulness as their primary financial reporting objective and stewardship/accountability as the secondary objective.

5. The implications of financial reporting objective on the reporting practices

Different financial reporting objectives may result in different reporting practices of the organization especially with regards to the information disclosed in the financial reports. As shown in Table 1.1 the differences may be reflected in the financial reports in terms of the nature of accounting value, the predictability of information, the information usage, and the users of information ((Williams & Ravenscroft, 2015). *Waqf* institutions and other hybrid charity organizations which subscribe to stewardship/accountability financial reporting objective should report their assets using historical values (Kam, 1990). Such information provides clearer and more factual account of the transactions that took place in an organization. The historical value of information is more objective than the current value in assessing the manager's performance, as it is based on the action actually taken by the organization (Ijiri, 1983). In this case, the information in the financial reports reflects only the institutions' past events and are also prepared for general information users and for general purposes (Laughlin,

2008). In other words, the financial reports contain generic information of management that can be used for any interested users either for resource allocation decisions or measuring the management's performance. The financial reports provide only facts to serve judgement usefulness rather than decision-usefulness (Laughlin, 2012). In this approach, users are making judgment of the information, but the exercises may not necessarily entail any decision. The motive for making the judgment or the decision one makes are irrelevant to the organization as the concern of the information system is only the dissemination of facts to the users or stakeholders.

The fact that *waqf* institutions are currently adopting MFRS, PERS and MPERS, shows that they are preparing general purpose of financial reports (GPFRs) and as asserted by (Laughlin, 2012), these reports may satisfy accountability. This reliance on general-purpose frameworks is not limited to Malaysia. In Indonesia, waqf-specific regulation and the general accounting standard, PSAK 112, are not fully aligned. This has led to inconsistent disclosure of how waqf returns are distributed (Sholihah & Heradhyaksa, 2025). A Scopus-based review also confirms that the lack of a standardised, waqf-specific reporting framework remains an unresolved issue in the field (Uula & Kassim, 2023). The Operational–Reporting Alignment Model proposed in this paper aims to address this gap. This practice reflects the institutions' adoption of stewardship/accountability objective. As these reports are by their very nature "for general users", this study argues that there is less need for *waqf* institutions and hybrid charity organizations to specifically identifying specific users and their varying needs.

Table 1.1 Effects of reporting objectives on financial statements

	Stewardship/ Accountability	**Decision-usefulness**
Nature of value	*Historical value*	*Current value*
Predictability of information	*Information shows only the past events*	*Information is predictive to future events*
Information usage	*General purposes*	*Specific purposes*
Users of information	*General users*	*Specific users*
Adapted based on (Williams & Ravenscroft, 2015)		

On the other hand, *waqf* institutions and other hybrid charity organizations which subscribe to decision-usefulness financial reporting objective should have their information reported in current value. This approach may assist the potential financial contributors in making future "investment" decisions in the institutions as current information relates most closely to current condition of an organization. The information is regarded as input data for the prediction models of users. The organization's potential cash flows and its earning power are the main objects of prediction in this case. The financial reports prepared under this decision-usefulness orientation may be beneficial to specific users and for specific purposes.

Types of information needed in this process may differ across the groups of stakeholders. In other words, one report that satisfies the information needs of one group of stakeholders may not be relevant for other stakeholder groups. The decision-usefulness information should be designed for a particular decision for specific users at a specific moment in time. In such a situation, this study argues that the stakeholders or users of the information should be

distinctively identified so that the reporting of information could be closely tailored to their varying information needs. Informed and improved decisions would only be possible if the information is oriented in the above manner.

6. Conclusion

The emergence of hybrid non-profit organizations has challenged the traditional view that a single financial reporting objective can adequately serve all organizations. Hybrid organizations simultaneously pursue social missions and financial sustainability, creating diverse accountability relationships and stakeholder information needs that may not be addressed by a uniform reporting approach. This paper argues that the primary objective of financial reporting should be determined by an organization's dominant operational orientation rather than assumed to be universally applicable.

Drawing on empirical evidence from Malaysian waqf institutions and the literature on hybrid organizations, this paper proposes the Operational–Reporting Alignment Model as a conceptual framework linking operational orientation with financial reporting objectives. The model suggests that organizations whose activities are primarily directed towards delivering social benefits are more appropriately served by stewardship/accountability-oriented reporting, whereas organizations that rely more heavily on commercial activities to sustain their missions may benefit from adopting decision-usefulness as the primary reporting objective. In doing so, the paper offers an alternative perspective to the long-standing debate by suggesting that stewardship and decision-usefulness should not be viewed as competing objectives, but as complementary objectives whose relative importance depends on the nature of an organization's operations.

Although the model is developed using the waqf context, the underlying theoretical argument is expected to be relevant to other hybrid charitable organizations that balance social and commercial objectives. It also provides a basis for understanding how differences in operational orientation may influence subsequent reporting practices, including measurement approaches, disclosure priorities, and the identification of intended users of financial reports.

The paper also has implications for accounting standard setters and regulators. Rather than adopting a one-size-fits-all approach, financial reporting frameworks for hybrid non-profit organizations should provide sufficient flexibility to accommodate differences in operational orientation and stakeholder expectations. This recommendation is no longer purely theoretical. Launched in October 2025, INPAS is the first global accounting standard developed specifically for non-profit organizations. It followed a six-year consultation led by CIPFA and Humentum across more than 40 countries. The standard offers a flexible reporting approach that emphasizes stewardship while remaining sensitive to different organizational contexts (IFR4NPO, 2025). As this paper is conceptual in nature, the proposed model should be regarded as a theoretical proposition requiring further empirical validation. Future research may examine its applicability across different types of hybrid charitable organizations and institutional settings to refine and strengthen its explanatory power.

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