

Five Elements of Every Successful Nonprofit Annual Report

by Kivi Leroux Miller

All nonprofit annual reports, regardless of size, length, or format, should include these five essential elements.

1. Accomplishments, not activities

What were the results of your work last year? Why did you spend your time and money the way you did? What differences did you make in the world? Connect the everyday activities of your organization to your mission statement. Don't assume that readers will automatically understand how your activities help you achieve your mission. Connect the dots for them.

Nonprofits often assume that an annual report is a description of activities. That's not quite right. An annual report should be a summary of what you accomplished by doing those activities. You need to explain the meaning behind the work you do every day and the difference you are making by implementing your mission and goals.

It's the difference between saying you went to five meetings and explaining how something changed because you went to those five meetings. Don't just say you released a study on a topic; explain how the study opened the eyes of a certain group of people and how their behaviors changed as a result.

2. Real people telling the story

Supporters want to hear powerful stories about the impact of your work that feature real people, so include people pictures, profiles, testimonials, and little anecdotes that let those voices shine through. Get away from the institutional voice of the 501(c)(3) doing the talking, and make your report a more personal communications piece.

Including personal profiles as sidebars or anecdotes in your annual report, or in a video online, is a great way to tell an important story about your organization, while also recognizing the contributions or successes of specific people. Asking others who have been touched by your organization to share their experiences is a proven way to share your accomplishments without sounding like you are bragging. Let them say how great you are. Use a "creative nonfiction" style of writing—storytelling where everything is true. Describe the scene vividly to bring your readers into the story and help them visualize what's happened.

3. The financials

The financial section of your annual report needs to tell the story too. Because nonprofit organizations are not legally required to produce an annual report—we are talking about the communications piece to donors, not government

At a glance

Your organization's annual report is a grand opportunity to take your supporters inside the fine work you do and show them the results you achieve. In this article, nonprofit marketing expert Kivi Leroux Miller outlines the five elements every annual report should include:

- Accomplishments, not activities. Show the benefits of your work.
- Real people telling the story. Readers respond to personal communications.
- The financials. Show key information in graphic form.
- Ample thanks. Let your community of supporters know you appreciate them.
- A call to action. Remind readers how they can support you.

forms like your 990—there are no requirements about how you present financial information. Some nonprofits choose to print full financial statements in their annual reports, while others print only a few simple pie charts.

Printing full financials has drawbacks. Readers who are unfamiliar with financial statements will skip them, and even people who know how to read them may skim right by. Financial statements can be easily misinterpreted, especially if you have large one-time income and expense items that skew your bottom line. Finally, full financials take up lots of space, and because annual reports can be expensive to design, print, and mail, every page counts.

Unless you feel very strongly that your organization would benefit from printing your full financials, leave them out. Instead, use graphics and a short description of how you raised and spent the money. Include a note that says that your full financials are available upon request or on your website.

4. Ample thanks

Gratitude should permeate the entire report. Give your community of supporters the sense that you are embracing them as partners in bringing about all of the year's accomplishments. In traditional reports, nonprofits often list all of the names of donors, but in shorter formats, that's just not possible. Instead, use the stories you tell, the profiles and photos you include, and your overall tone to convey how important their support is to your success.

5. A call to action

So you've done a fabulous job telling readers about your accomplishments and financials and inspiring them to get involved in helping you do more. What next? Tell your readers exactly how they can help you. Include a small box or a full page at the end of the report (or a link or form online) with a call to action or request for help. Let readers know the different ways they can support your organization.

You may want to list the types of donations you can accept. For example, can you accept gifts of stock? Do you offer charitable gift annuities or other planned giving tools? Do you acknowledge memorial gifts with a card to the family as well as the donor? This is also a good place to mention workplace giving opportunities such as your membership in federated campaigns like United Way and EarthShare. You can also mention other non-monetary ways people can support you, such as volunteer opportunities.

Nonprofits are experimenting with many different print and online formats for annual reports. You can see many samples of "new and improved" formats at <http://nonprofitannualreports.wikispaces.com>. But regardless of the format you choose, be sure to include these five essentials.



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