

ANNUAL REPORTS – WHAT SHOULD YOU KNOW?

An annual report is your nonprofit's report to the community—a year-end summary of your activities, a record of grants and issues funded, and a description of donor contributions. The annual report is likely your most important public relations tool and part of your larger marketing plan. If yours is a smaller one, it may be the only publication you produce — and you'll want to make it count.

What should an annual report look like?

With annual reports, there are no easy answers and no norms. Every nonprofit does something different based on their budget, their region, and their resources. Some annual reports are simple, typed documents listing the previous year's donors and grants. Others are elaborately designed, full color documents. They can take the form of a newsletter, an insert, a brochure, a booklet, or a webpage.

An annual report should be attractive and command the readers' attention. You want to convey your message in as few words as possible, and you want your cover to say, "Open Me. Read Me."

What should an annual report contain?

An annual report may include any of the following:

- * The nonprofit's mission, purpose, and brief history
- * A statement by the board chair and/or the executive director highlighting some aspect of the nonprofit or discussing the importance of philanthropy
- * An overview of the organization and governing structure, including the names of board members, officers, and staff
- * A report of gifts received during the year, accompanied by a section recognizing individual donors
- * A guide for prospective donors, explaining gifts and types of funds the nonprofit accepts
- * A statement of grant activity during the year, identifying the program category, recipient, and amount of each grant
- * A narrative description of several key grants and donor stories
- * An outline of the nonprofit's grant program and policies, including application procedures
- * A list of the financial institutions holding the nonprofit's funds
- * A report from the independent public accountant who audits the books, accompanied by financial statements
- * The nonprofit's contact information, including web address

What are the goals of an annual report?

An annual report is one of your best marketing opportunities for current and prospective donors. Rather than a list of all your activities, it should be a summary of what you accomplished with activities. It's your chance to explain the meaning behind the work you do every day, and the difference you are making by implementing your mission and goals.

Your report should be tailored to your nonprofit's priorities. Generally, your goals in your annual report are to:

- * Demonstrate your community knowledge and expertise
- * Highlight your work with donors, charities, and community partners
- * Showcase your performance and ability to make an impact
- * Describe your mission and vision for the future
- * Recognize current donors for their support
- * Develop and maintain your credibility and the public's confidence in your nonprofit
- * Encourage donors to expand their connection to and involvement with your nonprofit
- * Serve as an archival historical record and ongoing reference tool

How do we create an annual report?

- * Start a folder (both hard copy and electronic) at the beginning of the year. Save in it lists of grants, speeches by board members and staff, newspaper clips, news releases, fund reports, photos, etc.
- * *Make a list* of donors and volunteers to recognize, and keep adding to it throughout the year.
- * Write about grants and events as they happen, when the details are fresh.
- * Ask grantees for photographs and record events that occur throughout the year by hiring a photographer or taking photos yourself.
- * Decide on a take-home message or a theme (e.g., education, environment, community partnerships). One question you might ask is "What three things are we most proud of from last year?"
- * Develop an outline for the report and its major sections.
- * Consider the tone you want to use when writing your report. Most nonprofits strive for balance, using a down-to-earth, accessible tone while still presenting the nonprofit as a trustworthy resource and partner in philanthropy.

What lists should we include in our annual report?

You will want to include some lists in your report, such as your grants and funds. To keep them short, you might list only categories of grants or lump together smaller grants. If your lists get too unwieldy, you might publish a partial list in print form, with a note to find the full list as a downloadable link from your website.

How do we reduce the cost of our annual report?

It all depends on your budget, what you want to accomplish, and what your audience wants. Some ways to save money on your report:

- * Make it short and sweet. Cut down on the endless lists of donor advisors, grants and gifts. Follow the adage "less is more": Leave out the long-winded descriptions and use pie charts to summarize.
- * Reduce your print run. One nonprofit cut its print run from 25,000 to 2,500! They made their annual report available online, and mailed complimentary copies to those who requested them.
- * Target your mailing. Only mail the annual report to targeted contacts, rather than doing a blanket mailing.
- * Find report sponsors. One nonprofit solicits and secures underwriters to offset costs. For a donation of \$1,000, each sponsor gets its logo or name printed inside the report's back cover. This pays for up to 80 percent of the total costs, keeping the nonprofit's net cost below \$3,000 (including postage) for an 11,000 print run.
- * Publish the report (or a portion of it) online. No doubt this will save you dollars, but before going electronic, be sure to read the considerations below.
- * Ask your local newspaper to publish your report as an insert. Although they will probably charge you a fee, you might find it more reasonable than printing and distributing annual reports yourselves. The newspaper may even help with the design for less than it would cost to hire a designer.

Should we publish our annual report online?

Some nonprofits post a portion of their annual report on their website—a teaser, so to speak, for the entire report. Others publish the report in its entirety, sometimes in an interactive format and sometimes as a downloadable file.

Yet not everyone agrees that web reports are the way to go. "Until our giving universe has completely changed to technology-embracing people, we'll still need to be in print. They, and we, expect linear, visual, easily accessible, in-front-of-us, in-the-mail communications. Anything else and we're wasting money on the design and production of the piece," says one nonprofit.

If you do publish your report online as opposed to (or in addition to) print, take as much care with the design and content as if you were printing the report as a hard copy. Be sure to send everyone on your mailing list a postcard announcing that the report is available online.

How do we get the word out about our annual report?

Once your annual report is ready, you will want to distribute it widely. Here's how:

- * Send the annual report to your mailing list (include current and past board members current, past, and potential donors; reporters; elected officials).
- * Take the annual report to conferences, workshops, community events, meetings with presentations, and other events.
- * Create CDs with labels displaying the annual report cover.
- * Send an email blast and/or a postcard announcing the release of the report and telling people how to access it.
- * Announce the release of the report on your website homepage and in your newsletter.
- * Keep copies of the report in your lobby and encourage donors and nonprofits to do the same.
- * Ask your local newspaper to publish your annual report as an insert. Send a postcard to your mailing list in advance announcing the newspaper insert, and let people know they can pick up a copy if they miss it in the paper.
- * Share copies with your public library and other local offices (dentists' and doctors' waiting rooms are always good ones!).

Resources

Chmel, Janalee Card., "Annual Reports: How to Avoid 'Frankenstein,'" CausePlanet.org, <<http://www.causeplanet.org/index.php>> August 21, 2006.