



The Ultimate Guide to
**Engaging & Effective
Annual Reports**



Introduction:

Your annual report shouldn't be a pro forma publication that you create because you've always done that or because you must. It should support your nonprofit's goals. Done properly, your annual report can:

- Inspire new donors
- Recognize and retain current donors
- Cultivate new partnerships
- Inspire volunteers
- Strengthen advocacy efforts

As author Simon Sinek tells us, start with your why. Before you begin, know why your organization exists and how the annual report will propel your mission.



Identify Your Audience

As a marketing tool, your organization's report should aim for specific audiences. Connect your messaging to your audience segments – donors, volunteers, community leaders, elected officials, partner organizations, funders and board members.

Stakeholders have very different needs. Donors and funders may want stories that show evidence of impact and return on investment. Legislators often want to know about how tax dollars are used.

Keep your audiences in mind when writing and organizing your report. Think about what they need, where they live, the media they read and consume, and the problems they face. Design the content to link to those details.



Develop a Plan

Producing a report that represents your organization is, without a doubt, a major project. The first step: Start early. Don't wait until the end of the year to get organized. Four other critical steps in your plan should be:

Collect content, consistently. Train your team to look for stories, identify accomplishments, and gather images and video – during the year. You'll be several steps ahead when you start.

Recycle your content. Turn to your organization's press releases, op-ed columns, media events, and social media posts, rewriting and editing as necessary. It's your content – don't reinvent the wheel.

Assess content. What themes, formats and elements were most effective in persuading your audience to act in the past year? If you're aiming for the same audiences, adapt and adopt the most compelling for your report.

Map an internal timeline. Allocate time for planning, content development, graphic design, web design, content and design reviews and approvals, and final approval. Be realistic. Expect the unexpected: Add an extra week or two to cover emergencies.

Develop your distribution strategy early. Don't wait until the week before launch to think about how you'll share your report with your audience. (Page 13 shows more distribution details and ideas.)



Identify Important Elements

Use this checklist of items that you might want to include:

- Letter from leadership
- The year's highlights
- Major projects or programs
- Impact stories
- Donor, volunteer and staff recognition
- Financial highlights
- The year ahead

Organize your report by stories and themes – not program areas or organizational functions.



Tell Your Stories

Build your annual report around real people – clients, beneficiaries, volunteers or donors. The problems they face and their solutions should be at the center of each story, modeling the action you want to inspire others to take.

The most compelling stories have a single character: a client, donor, volunteer, founder, staff member, board director or other stakeholder affected by your organization. The key is to select one to feature in any given story. Even with photography, humans tend to respond more positively to a portrait of one person than to a group.

Build your stories around two types of success: From the past, showing your impact and what you accomplished with donors' help, and the future, revealing what your organization will do and how your donors can help.



When possible, use your clients' words in stories or direct testimonials. Stories should speak to the heart and soul of transformation. When you're interviewing your subjects, dig deep to understand how they are feeling or felt. Strong images should complement the words, and carefully chosen data can tie them together.



Stories should chronicle an experience, a journey or a transformation. Provide context at the beginning to help audience members relate the story to their perspectives and worldviews. Context often leads to connection as your audience understands common ground.



Keep in mind that your organization is the guide, the donor is the hero, and together you help move the client on his or her journey. How did you help the hero succeed?

Write Wisely

Tips for writing well:

- Professional writers know that much of their work is about having the right information. Gather your story details before you start. Asking the right questions is critical, so spend time ensuring that you're digging for the complete story.
- When writing your annual report, use your organization's voice and tone. Work to naturally incorporate your nonprofit's style, taglines, slogans and key phrases. That will reinforce your overall messaging and ensure your annual report is part of your comprehensive marketing efforts, not just a one-off.
- Don't ignore editing. Once your first draft is complete, focus on what's important, prune what's not, and select the details with precision. Double-check, triple-check, cut and revise.

1. Less is more. Take a minimalist approach and leave out the internal details.

2. Stories have power. Focus on compelling narratives that emphasize your mission.

3. Numbers aren't the be-all, end-all. People matter more.

4. It's not about you. Your nonprofit is the guide, not the hero.

Focus on Financial Transparency

Financial details can be confusing and complicated. Many organizations clutter their annual reports with balance sheets with incomprehensible numbers and accounting labels.

If your audience is an association of CPAs, then full financial summaries might be appropriate in your report. If not, drop the columns entirely. They can lead to misunderstandings and even misinformation in the community about your financial state.

Financial details in an annual report should be selected, simple highlights that tell and support your organization's story and strengths. Ignore everything that doesn't emphasize your core narrative. To promote transparency, link to your website where you feature your audited statements and 990s.



Recognize Donors

Your organization wouldn't exist without its financial supporters. An annual report is one way to recognize and thank your donors – but too many nonprofits just run a list organized by giving level or alphabetically and call it a day.

A straight line runs between each donor and your organization's success. Your annual report is an excellent avenue to portray these generous supporters as the heroes of your story. Even stories that focus on your clients or program achievements can mention the role that donors play. Explore the ways in which donors are essential parts of your team and show that through your impact stories.

Consider using your stories to feature a thank-you to donors on every page. **(That's what the Austin Children's Shelter did in one of its annual reports.)**

If you want or need to include a donor list, you can organize it in different ways – by amount, alphabetically, or by specific project supported. Consider what will make the most sense for your business goals and for the reader. You can also highlight specific giving types, such as legacy donations or matching gifts.

One primary way to do this is by using “you” language, addressing the donor or prospect reading your report, rather than “we” language, which centers on the staff and leadership. Which sentence has the most impact on the reader?

“We built 20 affordable homes in Smith County this year.”

“Your gift helped 20 families in Smith County move into new homes.”



Think Creative Design

The look and feel of your report should match your organization's approach and tone. A dark and somber color scheme doesn't work for a cheery nature-focused summer camp. Four quick design tips to help improve your connection with the audience:



1. Make sure your brand colors and branding elements are incorporated into the report.

2. Use white space to drive the reader's or viewer's eye and highlight special elements.

3. Let good photos run big and shine, especially photos with faces.

4. Use other elements such as symbols or maps. Kiva, the global microloan organization, incorporated a map to show its worldwide reach and impact.



Use Data as a Storytelling Tool

When paired with narratives about real people and their real challenges, data can be a powerful storytelling tool but should not be the sole focus of your report. Page after page of numbers will lose your audience.



Combine images, text and numbers. They all help tell the story of your impact and organization.

Everything can be an infographic. Use a good graphic designer to build eye-catching charts and elements.

Be selective. Don't include data just because you have it. What are your strongest and most compelling data points?

Demonstrate real donor impact. Follow a dollar or average gift through your programs. What did that gift do? What did it achieve? What happens if that dollar or gift is multiplied?

Other data points to examine: Total donors for the year, new donors for the year, average and median gift size, major gifts, revenue by channel or appeal.

Inspire Action

A strong call to action should motivate your audiences to benefit your organization. Depending on your goals (see Page 14), that might be donor retention, membership growth or client

acquisition. Select your goals carefully and create a simple, clear message – just a few words or perhaps a sentence – that connects with those audiences.

Examples might include:



“You can help us continue our work in 20XX.”

“Thank you for your support.”

“Your donation helps us move forward.”

“The support of people like you helps more people like X every day.”

“Your gift can help build our team in 20XX.”

“Please lend your time so we can expand to serve X.”

Make it easy to donate or volunteer. Include a URL linking to your volunteer form or donation page. Use eye-catching buttons with short text to attract a reader’s attention. Consider a QR code to simplify the process. These items work with print and digital reports.

Decide on Print or Digital or Both



Many organizations have produced printed annual reports for ages – sleek, glossy, bound, full-color, expensive book-style publications. The pandemic and its distribution challenges forced many nonprofits to scale back their print projects and go all-digital. Other organizations have been creating fully digital, all-online reports for years.

Digital products are excellent for organizations that want to know their reach, engagement and other metrics while avoiding the cost of printing and mailing. A digital annual report can be shared easily online, adds content that improves your search optimization, and can be an interactive or immersive experience with the right technology and planning. Digital reports can link easily to deeper website content, such as full financial statements or program information pages.

Print reports are good for readers who don't have online access and for those who prefer the tactile experience of reading a print publication. They are also useful as leave-behind collateral for visits with individual donors, elected officials or institutional funders.

A hybrid method, using print and digital, can take one of two approaches:

- A slimmed-down print report that exists as a one-pager, postcard or brochure, combined with a full digital report that lives online.
- A fuller print report given to your biggest supporters, donors, legislative influencers and funders, with an online report sent to all other supporters.

If you choose a digital format, ensure your report is mobile responsive and optimized for a mobile experience. More than half of all web traffic is on mobile devices. You can choose a single-page microsite or embed the report into your existing site. With enough planning, a savvy web developer can build interactivity into your report – for example, using sliders or maps to track growth or program impact. If you go fully digital, consider a PDF report that can be shared and printed for more traditional audiences.

Schedule Distribution

The best annual report is useless if it doesn't get in front of your target audience. To develop a distribution plan, return to your audience research and profiles – where do they live, what do they read, how do they consume information? Start building a strategy to connect with them.



These ideas can help:

Break your report into bite-sized pieces for social media. Remix your story elements into Twitter threads, Instagram reels or live interviews.

Create a short video version of your report, focusing on the impacts.

Try a postcard-sized version with three or four highlights and a link to learn more.

Promote the release, talking about what it contains and when it will arrive.

Choose your email messaging and subject lines carefully. Avoid language that sounds like “Read our annual report!” and instead tell a story about Sam and Sofia. Otherwise, it becomes just another boring email.



Nonprofit Annual Report Checklist

KNOW YOUR AUDIENCE

- List your main target audiences.
- Explain what they gain or learn from your stories.

IDENTIFY YOUR PURPOSE AND PLAN

- List your main target audiences.
- Explain what they gain or learn from your stories.
- What is your organizational why?
- What is the goal of your annual report?
- What is the report's main message?
- How will you use this report?
- How will you measure the success of your report?
- What are you asking for?

IDENTIFY A COMPELLING CHARACTER

The strongest characters share common characteristics. Which ones do your characters possess?

- They are flawed.
- They are troubled by doubt.
- They seek a guide.
- They are forced into action.
- They change.
- They experience pain.

DETAIL THE JOURNEY

Briefly outline your story:

- Beginning – provide enough context
- Middle – include internal and external conflicts
- End – describe the resolution
- Main point you want to reiterate

ASK THE RIGHT QUESTIONS

Consider these questions when interviewing your story subjects or gathering information:

- What problem were you experiencing when you contacted us?
- How did this problem make you feel?
- Why did you trust us to solve your problem?
- How did our staff show that we understood your problem?
- How did we solve your problem?
- Is life better since you started working with us?

WEAVE IN UNIVERSAL THEMES

Universal themes connect on topics such as coming of age, coping with tragedy, persevering against the odds, or losing freedom.

- What emotional or philosophical needs does your character face?
- What universal theme could be woven into your story?

CLARIFY THE CALL TO ACTION

What do you want your audience to do after reading your annual report?

- Share your story on social media
- Become a brand champion
- Donate money
- Volunteer time
- Attend an event