Even though nonprofit organizations aren’t required to produce an annual report like publicly traded companies are, most nonprofit managers recognize the value of producing one. An annual report can help you demonstrate your accomplishments to current and future donors, cultivate new partnerships, and recognize important people.

But since an annual report isn’t legally required, nonprofits often struggle with what should be included in an annual report and what should be left out. The following ten tips will help you craft an outstanding nonprofit annual report.

1. **Focus on accomplishments, not activities in your annual report.**

   We want to know what you did, but more importantly, we want to know why you did it. What were the results? Why did you spend your time and money the way you did? What difference did it make? 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.

2. **Jettison the administrative minutiae to get the most impact from your annual report.**

   Getting a high-speed connection in the office and new accounting software may be big accomplishments from where you sit at your desk, but they have nothing to do with your mission. Inspire donors with accomplishments related to your mission in your annual report and leave all the administrative items for your board report.

3. **Don’t over-emphasize fundraising accomplishments in the annual report.**

   Donors expect you to raise money, but fundraising accomplishments should not be celebrated in your annual report on the same level as your mission-related accomplishments. Readers are more interested in what you did with the money than how you raised it. While it is appropriate to include information on how well your fundraising efforts are going, it’s best to place this information in the financial section of your report, rather than front and center.

4. **Include photos in the annual report.**

   Yes, photos really are worth a thousand words. Many of the people reading your annual report won’t actually read it. Show them what you’ve been doing with photos. If you don’t have a digital camera, get one now. It’s also fine to use stock photography to illustrate your work. Type ‘royalty free stock photos’ in your favorite search engine and you’ll find numerous sites.

5. **Write captions that tell your story.**

   Now that you’ve got them looking at the photos, tell a story with your captions. Don’t just state what’s in the photo. Connect the photo to an accomplishment. If people read nothing but the captions in your annual report, they should still get a sense for the good work you did last year.

6. **Include personal profiles in the annual report.**

   Donors will be more impressed with real stories about real people than general summaries of your work. Explain what you have accomplished overall, then humanize your statistics with some personal profiles. Highlight how your work helped a specific individual. Share a volunteer’s story of how they made a positive difference.
7. **Explain your financials.**

Many of your donors won’t know how to read a financial statement or won’t take the time to read it. Include a paragraph or two that explains in plain English what the tables say. Where does your money come from and how do you spend it? What are your main fundraising strategies? Did you implement any cost-savings measures this year?

8. **If you need space, trim the donor lists in the annual report.**

Nonprofits need to strike a balance between using the space in their annual report to discuss their accomplishments and using it to recognize donors. If as much as half of your annual report is donor lists, you should consider scaling the lists back to make more room for text and photos. Smaller donors can be recognized in other ways, such as lists in newsletters.

9. **Triple-check your donor lists.**

There’s no better way to sabotage a future donation than to spell the donor’s name wrong in your annual report. If you are uncertain about a name, don’t guess. Check it with the donor. Also carefully check the names of government agencies and foundations that gave you grants. The names people call these organizations in conversation are often short-hand for the full legal names that belong in your annual report.

10. **Tell donors how they can help.**

Never leave a potential supporter hanging, wondering how they can help you. Once you’ve inspired them with the good works in your annual report, close by telling them how they can help you do more. How can they support you with their money or time? Do you offer planned giving options, for example? Will you accept gifts of stock? Can they use a credit card? Be clear about the best ways to help.

**Like This Article? Get More Every Week!**

If you like this article, you’ll love my weekly newsletter! It's absolutely free and packed with information that will help you manage your nonprofit better or give more wisely. Sign up today!

Kivi Leroux Miller is president of EcoScribe Communications and Nonprofit Marketing Guide.com, where she teaches a weekly webinar series that helps nonprofits communicate more effectively in print and online with their donors, volunteers, and other supporters. More than 2000 nonprofits have participated in her webinars since 2008. She also teaches in-person workshops for Duke University’s certificate program in nonprofit management and for associations and foundations across the country. Kivi also writes a leading blog on Nonprofit Communications.