

# Elements of an Effective Annual Report

## **1. The CEO Letter (a transparent, relevant, meaningful letter):**

- a. Standard Introduction
  - i. Your most important message: In the first paragraph, capture the one message that you want your reader to remember. This message should be repeated year after year.
  - ii. What verse in Scripture compels the ministry's focus?
- b. Consider sub-headings
- c. Report on the prior year
  - i. Give an update on ministry activity.
  - ii. Report on previously announced goals.
  - iii. Share successes.
  - iv. Share failures.
- c. Report on the goals for the year ahead – measurable is good
- d. Give a succinct description of the most important obstacle or opportunity for the nonprofit. This should be something the CEO obsesses about.
- e. Educate your readers about the “industry” within which the ministry operates.

## **2. Ministry Focus:**

- a. The ministry should have no more than three “business units”/operating “silos.” Otherwise, there may be a perception that the ministry lacks focus. Clearly articulating the ministry's focus is essential to capturing the left-brain donor's interest.
- b. Transitions or depictions that help the reader understand the different business units or silos.
- c. Describe what happens and where in each of the “business units” or operating “silos.”
- d. Offer highlights from the last year.

## **3. Relevant Financial Information:**

- a. Balance sheet
- b. Statement of revenue and expenses
- c. Pie chart of expenditures
  - i. Administrative
  - ii. Fundraising
  - iii. Programs

**4. Key Leadership:**

- a. Useful information on key management and board members including for example, name, years serving the ministry, title/profession, education, other board experiences, and state of residency.

**5. Critical Measurements:**

- a. Relevant graphs denoting progress on measurements important to leadership.

**6. Transition**

- a. Table of Contents, page headers, graphics or other method to assist the readers that they are moving from one section of the Annual Report to another. (Strongly encouraged)

**7. Discretionary Items:**

- a. Vision statement
- b. Mission statement
- c. Ministry history
- d. Case studies/stories
- e. Donation requests
- f. Provide adequate white space
- g. A 'thank you' to the provider of funds who enabled the production and distribution of the annual report.



**COUNSEL & CAPITAL**  
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P.O. Box 7388 • Colorado Springs, CO 80933 • 719-635-4800