

Annual Reports: An investment, not an expense

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With the continued pressure not-for-profits face on their finances, it is tempting for some to cease preparing an Annual Report. However, this is a short-sighted measure, and it is in the interests of all not-for-profits to produce some type of Annual Report.

Annual Reports are an insight

As part of our research into the not-for-profit sector, Associations Forum reviews many Annual Reports each year. Much can be gleaned by a non-member about the NFP from their Annual Report, and arguably even more can be learned by the an association, institute, club, charity or foundation by comparing their own Annual Reports over a number of years.

The Annual Report of a not-for-profit should be a snapshot of the position of the organisation at the same time each year. It should reflect the reason for existence, achievements, people, activities and finances of the entity. With all the hard work that goes into any not-for-profit, why would you not want to record what you have done for current, future and distant-future readers and members?

The cost of production is worthwhile

The cost of producing an Annual Report is an excuse used to justify mothballing the publication. But the internet and digital printing have made this exercise a lot more accessible and cost effective. Producing an Annual Report does not mean printing thousands of copies for every member or stakeholder. It should mean spending a little time designing the words into an attractive format, which can often be done in-house.

Associations Forum recommends printing a hundred or so Annual Reports for the key stakeholders and organisations that care and are likely to read it. For the rest, tell them that the Annual Report is available on the web. Also, a few Annual Reports should always be printed for the association's archive. It is easy to delete an Annual Report from the web, so ensure enough hard copies are preserved for posterity.

Annual Reports are motivational

For staff and members, Annual Reports give recognition and acknowledgement for effort, leadership and dedication. Annual Reports which highlight the role of an individual will be excellent independent references for these people as they seek new challenges or jobs. And, there are even some members and staffers that will treasure their Annual Report and send a copy to their mother!

Current desktop publishing means that graphics, charts and photographs can be easily included in an Annual Report. The best Annual Reports are not the longest ones or those with the most words. Readability is greatly enhanced by good design. And in the absence of in-house skills or funds to outsource, a simple design will be the way to go.

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Link to strategic plan

Finally, the Annual Report is a key link in the strategic planning process of an association. This is an opportunity to measure the degree of achievement of set objectives. Whilst the finances note the financial position and progress of an organisation, words and statistics on other key indicators are appropriate inclusions in an Annual Report.

Some of the items covered by an annual report checklist include:

- > Purpose, history & incorporation & structure
- > Vision & mission & goals
- > Measurable objectives and strategies to achieve vision & mission
- > Highlights & overview
- > Membership statistics; financial picture
- > Progress, disappointments, outlook, teamwork, thanks
- > Chair and CEO reports
- > Stakeholders Key Performance Indicators over five years
- > Finances & statutory compliance

Conclusion

Wise association managers will include the preparation, and targeted printed production, of an Annual Report in their organisation's plans. Much can be gained from the process of sitting down and considering "where are we now?" By its very nature, the Annual Report will survive and be reread for many years longer than any membership recruitment brochure or report to a bi-monthly meeting of the Board.

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