The National Minority Supplier Development Council advances business opportunities for certified Asian, Black, Hispanic and Native American business enterprises and connects them to corporate members. One of the country’s leading corporate membership organizations, NMSDC was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.

National Network

The NMSDC Network includes a national office in New York and 36 Regional Councils across the country. There are 3,500 corporate members throughout the network, including America’s top publicly-owned, privately-owned and foreign-owned companies as well as universities, hospitals and other buying institutions. The Regional Councils certify and match more than 16,000 minority-owned businesses with member corporations that want to purchase their goods and services.

Mission

The National Minority Supplier Development Council advances business opportunities for certified Asian, Black, Hispanic and Native American business enterprises and connects them to corporate members. One of the country’s leading corporate membership organizations, NMSDC was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.

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In 2012, NMSDC celebrated its 40 anniversary of being the leading advocate for utilization of Asian, Black, Hispanic and Native American suppliers in the global corporate supply chain. From its fledging beginnings in 1972 as the National Minority Purchasing Council with $86 million in members’ spending with minority suppliers to its evolution to the National Minority Supplier Development Council, where 3,500 corporate members spent more than $100 billion with minority suppliers in 2011, NMSDC has remained true to its core mission.

Under the guidance of NMSDC President Joset B. Wright, the organization moved to strengthen that mission in 2012 with the launch of a five-year strategic plan. Designed to position the organization to better serve its members and certified minority business enterprises (MBEs), the plan focuses on six areas that allow NMSDC to Certify, Develop, Connect and Advocate for minority supplier development. Those six areas are: Board Engagement, Business Process Standardization, Network Governance, Performance Management, Targeted Services and Expanded Offerings, and Technology Modernization. Our corporate members and MBE stakeholders worked collaboratively on working committees and implementation teams to develop recommendations for each of the focus areas.

Several of the committees’ recommendations have been implemented. Board Engagement is forming an Audit Committee, and is also creating a Finance Committee and a Board Development Committee. The Technology Modernization team is establishing a Technology Advisory Committee, working on a replacement for NMSDC’s MBISYS database, and developing ways to create a stronger technology-based network with the affiliate regional councils.

Another highlight of 2012 was the election of Keith Wandell, the chairman, president and chief executive officer of Harley-Davidson, as the new chairman of NMSDC’s Board of Directors. Outgoing chairman Terry J. Lundgren of Macy’s did a wonderful job in guiding the organization. He provided strong leadership during the country’s economic downturn, and remained chairman for an extended term during the transition period marked by Harriet Michel’s retirement in 2010 and my selection as president. We appreciate his dedication to the organization.

We are pleased to have Mr. Wandell in this important role. His transformational leadership style will serve NMSDC well as we move forward with the strategic plan.

With new leadership, a plan for the future and continued support from our corporate members, the future of NMSDC and minority supplier development look very promising.

Joset B. Wright
President
National Minority Supplier Development Council, Inc.*
NMSDC is a corporate membership organization with 36 affiliate regional councils throughout the U.S. and 3,500 corporate members to match with more than 15,000 certified Asian, Black, Hispanic and Native American suppliers.

In 2012, the organization marked its 40th anniversary of connecting Asian, Black, Hispanic and Native American suppliers to corporate America for procurement opportunities. In its first year of operation, NMPC members recorded $86 million in spending with NMPC-certified suppliers. Today, that figure exceeds $100 billion as more corporations rely on the innovation, high-quality products and on-time service delivery that is synonymous with top-notch minority suppliers.

“Corporations don’t sacrifice a single thing when they use minority suppliers,” said NMSDC President Joset B. Wright. “And, they don’t lose anything in terms of value. Many of today’s minority businesses are multi-billion dollar enterprises that are resilient, agile, sophisticated and globally-connected – proving that minority suppliers are fully capable of meeting their corporate customers’ supply chain needs around the world.”

For its part, NMSDC will continue its efforts to develop strong, capable minority suppliers for the corporate global supply chain, and help its corporate members build world-class minority supplier development processes to ensure the full utilization of Asian, Black, Hispanic and Native American suppliers. In the next 40 years, the population of the United States will have a decidedly more “ethnic” tint, making it more important than ever for organizations like NMSDC to keep minority supplier development at the forefront of its mission for a more inclusive corporate supply chain.

**Business Consortium Fund**

The Business Consortium Fund (“BCF”) is a 501(c)(3) organization that offers a wide range of financing programs and business services to NMSDC-certified minority business enterprises (MBEs) that have supplier relationships with NMSDC national or local corporate members.

BCF has long been a catalyst for the growth of MBEs, providing many types of financing products including contract and purchase order financing, working capital loans, term loans, equipment financing, accounts receivable financing, equipment leasing, long-term mezzanine debt financing as well as busi¬ness and financial consulting services. Since its inception in 1986, BCF has facilitated in excess of $250 million in loans to more than 800 MBEs. More than 7,500 full-time jobs have been created.

The maximum amount of a direct BCF loan is $1.125 million, but a larger loan amount is available when the BCF and another lender participate in lending to the MBE. The BCF also provides counsel and guidance to MBEs on other sources of short- and long-term financing.

In addition to its financing offerings, the BCF works with the leadership at NMSDC’s 36 affiliate Regional Councils to conduct and participate in banking/financing-related educational programs for MBEs at Council events, for Council presidents, board members and MBE leaders at the NMSDC conference, and for attendees at the NMSDC conference.

The funding base for BCF lending is provided largely by NMSDC corporate members. The BCF has launched a campaign to enlist more NMSDC corporate members to become BCF funders.
The BCF also has two other subsidiaries—Triad Capital of New York, which provides long-term mezzanine financing, and BCF Business and Financial Advisory Services, which provides business and financial consulting advice.

Centers of Excellence Program

NMSDC Centers of Excellence (COE) enhance successful business relationships between member corporations and minority business enterprises (MBEs) by strengthening corporate minority supplier development processes.

The Tri-State Minority Supplier Development Council (TSMSDC), which services Kentucky, West Virginia and a portion of Indiana, held its commencement in March. Brown-Forman hosted the event. This COE module included six corporate participants and 14 MBEs. The corporate participants were: Brown-Forman Corporation; Commonwealth of Kentucky; Honda of America Manufacturing, Inc.; Jefferson County Public Schools; Toyota Boshoku; and Toyota Motor Engineering & Manufacturing NA (TEMA), the module leader. The MBEs were: America’s Finest Filters, Inc.; D&D Consulting Services, Inc.; HDDS, Inc.; Houston-Johnson, Inc.; L’Acquis Consulting Enterprises Indianapolis, LLC; LB Manufacturing LLC; Manufacturing Consultants International, LLC; The Mardrian Group; Martin Construction Company; Nimbus, Inc.; Plastikon Industries, Inc.; The Reynolds Group, LLC; Shelby Industries, LLC; and T.E.M. Electrical Co., Inc. The module held 13 meetings and 13 capacity-building activities. Honda of America Manufacturing sponsored one titled “Greenhouse Gases;” the Tri-State council sponsored one titled “Strategic Alliances/Joint Ventures;” Brown-Forman sponsored one on “Business Communications and Marketing;” and TEMA facilitated a session titled “Networking & Relationship Building (Power of Follow-up).” The meetings were hosted by Shelby Industries and Brown-Forman.

TSMSDC closeout results for corporations were extremely positive. The overall best practices assessment rating improved over 22% from 2.53 to 3.10 out of 5. The MBE business operations assessment rating improved by 2.6% to 4.0 out of 5. The needs assessment for training declined by 10.7% indicating that the capacity building activities were on target and provided the MBEs with training they needed and was useful. Corporate to MBE payments were over $636,000 and MBE to MBE business was $104,000. Four educational scholarships were awarded to participating MBEs. The overall rating of the COE module was 4.57 out of 5. The module provided a possible 35 continuing education hours (CEHs) that can be used for Institute for Supply Management recertification.

South Central Ohio Minority Supplier Development Council (SCOMSDC) held its commencement on November 30, 2012. Eight corporations participated in this revenue-sharing module: Cardinal Health, Inc.; Cintas Corporation; Johnson Controls, Inc. (Module Leader); The Kroger Company; Limited Brands; Macy’s Corporate Services, Inc.; The Procter & Gamble Company; and Toyota Motor Engineering & Manufacturing NA, Inc. MBE participants in the module included: Environmental and Safety Solutions, Inc.; JSCS Group, Inc. dba Market Direct, Inc.; OGIS Communication Group Inc. (dba OCG Telecom); Pierce Media, Inc.; Simply Southern Sides, LLC; Smoot Construction Company; Start2Finish, LLC; Triton Services Inc.; Vocalink Language Services; E. E. Ward Moving & Storage Co. LLC; World Pac Paper, LLC; and XLC Services, LLC. The module held 11
meetings and 13 capacity-building activities. The commencement was hosted by The Procter & Gamble Company, which also conducted a capacity building activity titled “Supply Chain Environmental Sustainability Scorecard.”

SCOMSDC closeout results for both corporations and MBEs were positive. The overall best practices assessment rating for corporations improved from 3.52 to 3.61 out of 5. The MBE business operations assessment rating improved from 3.4 to 3.7 out of 5. The needs assessment for training declined by 15.4%, indicating that the capacity building activities were on target and provided the MBEs with training they needed and was useful. Corporate to MBE payments were over $689,000 and MBE to MBE business was $1,200. The overall rating of the COE module was 3.84 out of 5. The module provided a possible 30 Continuing Education Hours (CEHs) that can be used for ISM recertification.

The New York and New Jersey Minority Supplier Development Council (NY/NJ MSDC) launched its third cycle, a revenue-sharing module, on March 26, 2012. Eight corporations are participating: Adecco, Inc. (co-module leader); Citigroup Inc.; Colgate-Palmolive Company; Ernst & Young LLP; The Interpublic Group of Companies, Inc.; Johnson Controls, Inc.; Novartis Pharmaceuticals USA; and Pfizer Inc. (co-module leader). The first meeting with MBEs was hosted by Pfizer. Fourteen MBEs participated, with each MBE chief executive officer making a 10-minute videotaped presentation about their business. The team met six times and conducted three capacity-building activities.

CORPORATE PLUS®

The NMSDC Corporate Plus® program provides a special designation for NMSDC-certified minority business enterprises (MBEs) that have successful experience executing national contracts, demonstrate the capacity to increase their national contracts, and receive a recommendation from an NMSDC national corporate member. The NMSDC Corporate Plus® Management Committee (CPMC) reviews recommendations and selects new members upon approval by the NMSDC Executive Committee.

The CPMC is chaired by Steven G. Miller, senior vice president, strategic sourcing & procurement and facility services support, The Walt Disney Company. During 2012, the CPMC added Jim Holloway, general manager, purchasing – vehicle parts and materials, Toyota Motor Engineering & Manufacturing North America, Inc. (TEMA) and Mariano J. Legaz, vice president, supply chain services, Verizon Communications. William G. Mays, chairman, Mays Chemical Company, Inc. stepped down from the CPMC after seven years of service, and from the NMSDC Board of Directors, where he represented Corporate Plus® members since 1998. Mays Chemical Company, Inc. was one of the first six Corporate Plus® members approved when the program started in 1996.

Three MBEs became Corporate Plus® members in 2012, bringing the total membership to 89, with 51 national corporate sponsors from 29 affiliate regional councils. The members represent 40 business classifications. The new members are: Devon Facility Management LLC (sponsor: Toyota Motor Engineering & Manufacturing North America, Inc.); Infinite Computer Solutions, Inc. (sponsor: International Business Machines Corporation); and, PS Energy Group, Inc. (sponsor: ATRT Inc.). Devon Facility Management LLC is a facility manager and industrial janitorial supplier based in Detroit, Michigan. The company has LEED-certified engineers and the Cleaning Industry Management Standard (CIMS) certification by ISSA – the Worldwide Cleaning Industry Association. Infinite Computer Solutions, Inc. provides complete IT-related solutions, software development, infrastructure and maintenance.
The company has ISO 9001 and ISO 27001 Certifications. ICS has more than 4,000 employees worldwide. The company's U.S. headquarters is in Rockville, Maryland, and it has development centers and other operations across the country. ICS has international operations in China, India, Malaysia, Singapore and the United Kingdom. PS Energy Group, Inc., headquartered in Dunwoody, Georgia, provides fuel supply and inventory management, alternative fuels, onsite fueling, emergency fueling services and retail cards. Its wireless services include GPS, telematics and tank monitoring, and Smart Grid/Meter advisory services.

The Corporate Plus® Forum 2012 and the Corporate Plus® Business Reception were held on October 28, 2012, as part of the NMSDC Conference and Business Opportunity Fair in Denver, Colorado. The topic for the Forum was “Utilizing the NMSDC Best Practices to Enhance Your Value Proposition to Customers.” The featured speakers were Denise Thomas, director, corporate supplier diversity, The Kroger Company, and Ralph Brown, chief executive officer, Trillion Communications Corporation – a Corporate Plus® member. The Forum is designed and facilitated by Ralph Moore, president of Ralph G. Moore and Associates (RGMA).

Fifty-six guests attended the Forum and the overall evaluation rating was 3.97 out of 5. Seventy-eight Corporate Plus® members and corporate sponsors attended the reception where new Corporate Plus® Members were presented with a pin and banner. Additionally, 39 Corporate Plus® members had booths at the Business Opportunity Fair.

With 45% of Corporate Plus® Members reporting, the spend with other MBEs totaled $381 million. Corporate Plus® panelists during the Conference included David Barfield (The Bartech Group); Leah Brown (A10 Clinical Solutions, Inc.); Mark Govin (MarkMaster, Inc.); David Hernandez (Liberty Power Corp.); Andra Rush (Rush Trucking Company); David H. Segura (VisionIT); and David L. Steward (World Wide Technology, Inc.). To wrap up the year, Mr. Miller held a focus group in Denver to brainstorm ideas to improve the program. The intent is to conduct a focus group annually, inviting about a third of the membership each time.

Learning Programs

NMSDC offers a variety of customized, innovative learning programs for minority supplier development professionals and minority business enterprises (MBEs). Here is a recap of program activities in 2012.

Advanced Management Education Program

In June 2012, NMSDC hosted 34 minority business chief executive officers representing 19 affiliate regional councils at its Advanced Management Education Program (AMEP) at Northwestern University’s Kellogg School of Management. The four-day customized executive management program for minority business CEOs is designed to address the unique challenges facing growth-oriented minority firms. The program is taught by a dynamic combination of distinguished faculty members; corporate buyers, financial and other functional specialists; and business consultants experienced in addressing the issues that MBEs face. Twenty-six corporate sponsors provided scholarships for all 34 participants.

Through interactive lectures and study groups, participants tackled the intensive curriculum to strengthen their understanding of the complexi-
ties of growth strategies – specifically to build capacity and sustainability for the future. A session titled “Access to Capital” provided students with a basic understanding of the process and structure of the inner workings of venture capital investments. A case study titled “Advanced Medical Technology Corporation” was used to introduce the students to various valuation models used to calculate the highest rate of return for investments. Additionally, guest speakers were invited to share their insights and their business successes and challenges.

"Biz-Fit Challenge" Online Assessment Tools

The “Biz-Fit Challenge” is a series of assessment tools designed to assist MBEs in assessing financial operation capacity, business health and value relative to their respective industries. The program is targeted to NMSDC-certified MBEs with sales between $1 million and $5 million. The program was made possible through a grant from Macy’s, Inc. To date, 191 MBEs representing 35 affiliate regional councils have participated in the program.

The Biz-Fit Challenge includes the following three online assessment tools:

“Biz-Health Analyzer” – This tool allows MBEs to understand their business’ health relative to liquidity, solvency and leverage—the three most common factors considered by capital providers. MBEs are able to assess how they are performing relative to their competitors.

“Breakeven Analyzer” – This tool helps business owners determine the company’s current breakeven revenues and its five-year projected breakeven revenues. MBEs are able to determine their minimum revenue requirements on an annual, monthly, weekly and hourly basis and use breakeven revenue as a guide in their overall pricing strategy as well as their strategic planning process.

“Valuation Analyzer” – This tool is designed to give businesses a rough valuation of their company based on applied industry-based valuation multiples. The information provided includes an overview of various valuation methodologies; approaches to building business value; translating value into wealth; and interpreting business value and business value drivers.

Supplier Diversity Online Course

One of the most requested programs for minority supplier development professionals and buyers is the Supplier Diversity Online course offered in partnership with Rutgers University. The seven-week course offers a comprehensive overview of minority supplier development. Guidance and direction are provided by experienced supplier diversity professionals chosen by NMSDC. Participants have the opportunity to interact with colleagues in chat rooms and threaded discussions.

This interactive 18-hour course covers Best Practices for planning, implementing and assessing a supplier diversity process, and tools to ensure maximum impact and relevance to a company’s business strategy are provided. Participants earn continuing education hours (CEHs) toward Institute for Supply Management’s new Certified Professional in Supplier Diversity (CPSD™) designation and receive a completion certificate from NMSDC and Rutgers.

Minority Business Program Managers’ Seminars

NMSDC hosts annual professional development seminars to provide the supplier diversity leaders at member corporations with examples of Best Practices in minority supplier development. In 2012, there was a
national seminar and two one-and-a-half-day regional seminars. The national seminar was held July 11-13 at the Hyatt Regency in Chicago. The theme for the annual seminar was “Minority Supplier Development: Collaborative Strategies.”

The program focused on best practices and lessons learned in identifying sustainable MBE opportunities. A total of 175 supplier diversity professionals attended the three-day seminar facilitated by RGMA, Inc., one of the nation’s leading management consulting firms. The seminar opened with an address on the state of minority supplier development by NMSDC President Joset B. Wright. Seminar topics such as building a robust minority supplier development process, cultivating relationships with minority suppliers, and the use of technology and how to foster an environment of innovation, provided perspectives on the current trends and issues impacting minority supplier development in the global marketplace. Guest presenters for the seminar included directors of supplier diversity from Bank of America, Boeing, Chevron Corporation, Chrysler Group LLC, Citigroup, Communications Test Design, Inc., Delphi Corporation, Ford Motor Company, General Mills, Inc., Johnson Controls, Inc., Merck & Co., Nestlé Business Services of North America, Pacific Gas and Electric, Raytheon, Southern California Edison, and Toyota Motor Engineering & Manufacturing NA, Inc., Inc. Two additional presenters explored next-level strategies. Cheryl Harris, C.P.M., senior vice president, sourcing & procurement, Allstate Insurance Company, shared her insights on “Change Management: Taking Supplier Diversity to the Next Level” by capitalizing on changes in the C-suite—especially the arrival of a new chief procurement officer. Mark Harrison, chief executive officer, Totem Enterprise Group LLC, discussed “How Mergers & Acquisitions Can Take Your Program to the Next Level” by helping to produce scalable MBEs and impact ROI.

“Key Strategies and Leading Practices for Developing Scalable Minority Suppliers” was the theme for the 2012 Minority Business Program Managers’ Regional seminar series. It focused on best practices and lessons learned in cultivating scalable MBEs. The regional seminar series kicked off in Atlanta, Georgia, in April, and provided those with new supplier diversity initiatives the tools and strategies required to implement a robust process within their organization. It also offered stakeholders of mature programs some fresh approaches to advancing minority supplier development within their organizations and throughout the global marketplace. United Parcel Service hosted the Atlanta seminar. The same curriculum was offered at the June regional seminar in San Francisco, California, which was hosted by Chevron Corporation and Pacific Gas and Electric Company.

RGMA, Inc. facilitated the regional seminars. Participants in all NMSDC seminars earn continuing education hours that may be applied toward Institute for Supply Management CPSM®, CPSD™ and C.P.M. recertification and/or A.P.P. re-accreditation program requirements.

Council Presidents and Certification Specialists

NMSDC provided orientation, training and leadership development for its affiliate regional council presidents and their board chairpersons and Minority Business Enterprise Input Committee (MBEIC) chairpersons. As part of the organization’s strategic planning process, NMSDC provided its constituents with an opportunity to review roles and responsibilities as the organization moves to align the performance of the councils with the strategic plan.

NMSDC also worked with an enterprise-wide task force to revise its certification policy and procedures manual, and collaborated with its Information Technology and Services department to facilitate network-wide online certification. NMSDC also conducted its annual certification workshop for new and seasoned certification specialists and Council staff to ensure consistent policy application exists throughout the network.

“A diverse workforce and inclusive culture are essential to AT&T. They allow us to attract and retain the best and the brightest to develop the most innovative products and solutions to meet our customers’ needs.”

Randall Stephenson, Chairman and Chief Executive Officer, AT&T Inc.
Information Technology and Services

In 2012, NMSDC welcomed Len Leach to the organization as vice president of information technology and services. He is charged with leading the execution of the organization’s technology vision and strategy, and build appropriate buy-in for implementation among the organization’s internal and external stakeholders across the country. Additionally, the IT&S department will support the entire technological enterprise at the national level and offer support at the regional level; maintain a consolidated, integrated IT project plan; direct the implementation of IT projects; provide regular management reporting on the plan; and develop and implement operating performance standards for the technology infrastructure (desktops, data center, the network and applications).

As part of its 2012-2016 Strategic Plan, NMSDC made Technology Modernization one of the plan’s six focus areas. A committee of NMSDC corporate members, affiliate council presidents and certified minority business enterprises developed four key activities related to Technology Modernization:

- Organize and formalize an IT governance structure, priorities and approach
- Establish IT partnerships and implement Technology “quick wins”
- Enhance and implement technology to unify the network and advance offerings
- Operations and maintenance of the infrastructure and environment.

Technology Advisory Committee (TAC)

The role of TAC is to ensure that Information Technology & Services focuses on business process, prioritization, long-term goals, budgets and project management challenges. This committee is tasked with reviewing major technology requests, change request for existing technology by analyzing enterprise impact on the NMSDC network.

Enterprise Business Intelligence

NMSDC, through its Regional Councils, collects a ton of data about minority business enterprises (MBEs). Turning all of this data into meaningful information is a strategic objective of NMSDC. Business Intelligence technology will help NMSDC to provide its stakeholders with analytics such as the percent of MBEs with total revenue between $10 million and $50 million or the percent of MBEs by ethnicity or race.

The Affiliate Portal

NMSDC developed a web portal for NMSDC to be used by all of the Affiliate Regional Councils. The portal was designed to facilitate MBE Certification, Corporate Registration, Member Profile & Search, Event Listing and Registration, Committee Management, Reporting and Surveys, and Bid Registration and Automation. In 2012, the IT&S department launched a project called “Get On Board” to get all 36 Councils to use the Portal for online certification. In conjunction with this project, key functions that will allow for better use of the Portal were developed. The first set of enhancements is complete and deployment to the councils is underway.

Some of the key benefits for having a single tool for online certification are:

- The ability to report consistently across the Network
- The ability to do Reciprocal Certification online the same way for all Councils
• The ability to seamlessly update our national MBE supplier database
• The ability to apply updates to support common processes
• The ability for all MBEs to access the same tool for certification information

Advanced Practices Group

NMSDC’s Advanced Practices Group is comprised of the leading practitioners in minority supplier development. It provides a comprehensive approach to anticipating, analyzing and addressing trends and issues in the field. The Advanced Practices Group works to stimulate strategic solutions in areas such as capacity building, communication, education/training and innovation. The group is working on upcoming Webinars on these topics, and plans and facilitates the Leadership Development Series at the NMSDC Conference. There, buying organizations and supplier diversity professionals participate in tabletop topics related to advanced practices in minority supplier development. Group leaders also facilitated the Think Tank sessions at the NMSDC national seminar for supplier diversity directors. More than 90 of the nation’s leading corporations are eligible to participate in the Advanced Practices Group. Benita Fortner, director of supplier diversity for Raytheon Company, serves as the group’s chairperson.

Industry Groups

NMSDC facilitates the creation of informal networks of leadership companies concerned with issues related to minority supplier development. These industry groups represent hundreds of national member companies in such sectors as advertising, entertainment, media and sports; automotive; automotive components; consumer products; financial services; food and beverage; healthcare; hospitality; manufacturers industry action group; petrochemical and energy; professional services; retail and apparel; staffing; technology; transportation and utilities. Membership is by invitation only to national corporate members. The chairpersons of the groups meet early each year with NMSDC President Joset Wright to discuss trends and concerns in their industries, and plan group strategies to leverage the experience of all to benefit NMSDC-certified minority business enterprises. At the NMSDC conference, the chairpersons meet to share best practices on benchmarking, career development, corporate matchmakers, membership recruitment, and increasing supplier diversity’s role with trade associations. The Consumer Products, Financial Services, Healthcare, Professional Services and Technology Industry Groups produced briefing papers focusing on the industry’s overview, business challenges, trends and opportunities, and what suppliers need to know to do business in that industry. The groups are also working on content for upcoming Webinars.

Global-Link

The Global-Link program, with support from Cisco Systems, Cummins, D.W. Morgan, GlaxoSmithKline, IBM, and Pfizer, had a great year in 2012. It conducted business matchmaking missions to Australia, South Africa and the United Kingdom, and hosted large business delegations from Australia and South Africa at the annual NMSDC Conference and Business Opportunity Fair in Denver, Colorado.

The program also established the Global-Link Award for outstanding corporate performance in global minority supplier development. The inau-
gural award was presented to IBM during the annual Global-Link International Reception in Denver. Michael Robinson, the company’s program director, global supplier diversity and supplier connection, accepted the award. IBM started its global supplier diversity program just three years after NMSDC launched the Global-Link initiative in 2001.

Since then, IBM has joined and supported each of the Global-Link affiliates. More significantly, in 2012, IBM spent more than $500 million with non-U.S., Tier one diverse suppliers.

Global-Link made notable improvements in the process of engaging corporate and MBE stakeholders, including structural and operational improvements in service delivery with the assistance of the NMSDC International Programs Advisory Committee (IPAC). Among the most significant changes proposed by IPAC and adopted by NMSDC were:

- Opening membership in IPAC, sub-committees and taskforces to any NMSDC corporate member or Corporate Plus® member with a demonstrated interest and commitment to global minority supplier development;
- Creating country-specific working committees for each of the countries in the Global-Link network;
- Creating a committee vice-chair position and an executive committee for IPAC that will convene quarterly instead of bi-annually; and
- Requiring mandatory annual contributions from all committee members and annual sponsorship commitments to at least one major international program.

In 2012, NMSDC introduced significant changes to the process used to recruit participants for the business matchmaking missions. Invitations are no longer limited to the business mission sponsors’ preferred MBEs; now, all NMSDC-certified MBEs and all NMSDC corporate members are invited to participate in these business missions.

Global-Link international affiliates reported several highlights in 2012:

**Australia**

- In recognition of the success of the Australian Indigenous Minority Supplier Council (AIMSC), Julie Collins, the minister for indigenous employment and economic development, announced during the AIMSC conference in April a renewed commitment of $7.5 million to the organization. That is in addition to $3 million that was first awarded to AIMSC in 2009.
- AIMSC established a Fast Track Loan program that offers working capital to help support Indigenous businesses and allows them to compete for and complete larger corporate and government contracts.
- Prior to the close of the year, AIMSC changed its name to Supply Nation.

**South Africa**

- The South African Supplier Diversity Council (SASDC) signed an affiliation agreement with NMSDC and held its first national conference and business opportunity fair which NMSDC supported with program speakers and a delegation of corporate executives and MBEs.
• SASDC secured a Cooperative Agreement with the United States Agency for International Development (USAID) for $1.5 million in funding for its operations.

United Kingdom

• Minority Supplier Development United Kingdom (MSDUK) received approval for a £300,000 grant from the European Regional Development Fund (ERDF) to assist in stimulating economic and enterprise development activities in disadvantaged areas of the East Midlands for the next three years.

• MSDUK also released a supplier diversity social impact study to inspire more decision makers to believe in the strength of supplier diversity and how it creates a more prosperous and inclusive United Kingdom. This socio-economic impact study was conducted to assess, evaluate and communicate the business and moral case for supplier diversity in the UK.

• MSDUK was recognized by the Employers Network for Equality and Inclusion (ENEI) for its work in minority supplier development and was awarded the coveted Community Impact Award at The Law Society in London.

Minority Business Leadership Awards Dinner-Dance

The National Minority Supplier Development Council brought its “Profit through Partnership” tagline to life on Wednesday, May 23, when it paid tribute to 28 corporate-minority business success stories at its annual Minority Business Leadership Awards Dinner-Dance. The black-tie event was held at the Hilton New York and Towers in New York City. Nearly 1,400 guests were in attendance, including chief executive officers, corporate executives and minority business owners from across the nation.

“As we celebrated our milestone 40th anniversary, we wanted to highlight some long-standing corporate-minority supplier relationships that have had a positive and profitable outcome for everyone involved,” said NMSDC President Joset B. Wright.

“NMSDC-certified Asian, Black, Hispanic and Native American businesses are an integral part of the corporate supply chain and we wanted to recognize these important relationships.”

NMSDC asked its corporate members to select minority suppliers that met the following criteria: have a current NMSDC certification; be a current supplier to the corporate member; have a relationship spanning at least 10 years of continuous contracts; and have a current contract with a value of at least $5 million. The corporations then submitted a success story highlighting the initial contract with the minority business, the current contract and scope of work, what made the relationship grow and how the supplier adds value to the corporation.

During the evening, the corporate-minority business partners walked the red carpet for photos. NMSDC shared narratives and photos from each partnership and presented each corporate – minority business pair with medallions to commemorate the evening. The success stories are: AT&T Inc. and Group O, Inc.; Alcatel-Lucent and Telcobuy.com; Allstate Insurance Company and FXI Vmark Co.; Bank of America Corporation and MarkMaster, Inc.; Cardinal Health, Inc. and Kerma Medical Products, Inc.; Chrysler Group LLC and Flex-N-Gate Corporation; The Coca-Cola Company and Ongweoweh Corporation; Eaton Corporation and National Material L.P.; Exxon Mobil Corporation and Pala Interstate; Ford Motor Company and

Margaret Klinsport (center) of Allstate Insurance Company nominated FXI V-mark for recognition at NMSDC’s Minority Business Leadership Awards Dinner-Dance. The event honored long-standing corporate-MBE partnerships.


Award-winning actress S. Epatha Merkerson was the mistress of ceremonies for the Dinner-Dance. The George Gee Orchestra featuring John Dokes provided musical entertainment, while Luisito Ayala and his Orchestra, and the Asian-American Jazz Connection performed at the Chairman’s reception. The New York United Lion and Dragon Dance Troupe also entertained the guests.

Conference and Business Opportunity Fair

Scenic Denver, Colorado, was the site of the 2012 NMSDC Conference and Business Opportunity Fair. More than 6,000 corporate executives, minority supplier development professionals, minority business owners and representatives from government agencies and other buying institutions gathered there October 28 through 31 to attend the four-day event. The theme for the conference was “Minority Businesses and Corporate America: Advancing Minority Supplier in the Global Supply Chain.” Conference participants attended 22 workshops and plenary sessions led by some of the nation’s top procurement professionals and leading authorities on minority supplier development. Bill Imada, founder, chairman and chief collaboration officer, IW Group; Jacqueline Pata, executive director, National Congress of American Indians; David H. Segura, chief executive officer of VisionIT; David L. Steward, chairman, World Wide Technology; and Clifton Taulbert, president and founder, Building Community Institute, were among the featured speakers.

The Host Committee and the Rocky Mountain Supplier Development Council worked together to create an exceptional conference, and 175 volunteers provided support for the event. The one-day Business Opportunity Fair, the announcement of new NMSDC Corporate Plus® members and recognition of the organization’s national award winners were the highlights of the event.

A cross-section of industries participated in the annual Business Opportunity Fair, the largest trade show of its kind. Nearly 450 corporations, minority suppliers and national resource organizations filled 720 exhibit booths during the one-day event to kick-off four days of conference activities.

Ford Motor Company was named “Corporation of the Year” for its strong commitment to building the capacity and capability of minority businesses within their corporation and in partnership with NMSDC.
“Presenting this award to Ford is a fitting way to continue celebrating our 40th anniversary,” said NMSDC President Joset B. Wright. “Ford has been a true supporter of NMSDC’s supplier diversity initiatives for more than 30 years.

“In 2012, Ford took its efforts to a new level, embodying an absolute model of minority supplier development and collaboration with its company policies, supplier investment, technology support, and creation of joint ventures and strategic alliances.”

Crippled by the economic downturn that began in 2007, Ford steadily regained its presence among the world’s leading automakers. In 2011, Ford purchased a company record $5.08 billion in products and services from more than 400 certified minority business enterprises (MBEs), a 31 percent growth over 2010. Since 1996, the company has spent more than $50 billion with certified MBEs. Prior to 2011, Ford facilitated 13 joint ventures/strategic alliances to increase MBE-to-MBE business opportunities as well as those between MBEs and major corporations. To support the company internationally, nine MBEs have a global footprint with operations outside of the U.S.

Ford ascribes to NMSDC “best practices” for minority supplier development to enhance its corporate supplier diversity processes and build capacity for MBEs. In support of NMSDC and its network of 36 affiliate councils in 2011, the company volunteered more than 5,000 hours for more than 36 committees and events. The automaker sponsored three MBEs for membership in NMSDC’s Corporate Plus® Program and participates on NMSDC’s International Program Advisory Committee. Additionally, Ford procurement and supplier diversity executives hold leadership roles on the NMSDC board and the board of the Michigan Minority Supplier Development Council.

The Michigan Minority Supplier Development Council was named Council of the Year and Kevin Bell, senior manager, supplier diversity and learning and development programs at Chrysler Group LLC, received the Minority Supplier Development Leader of the Year award in recognition of exemplary development programs for minority business owners, as well as exceptional leadership and impact throughout corporate America.

Four top minority businesses were recognized as National Suppliers of the Year for their business acumen and excellence in community service. They are:

Infinity Business Solutions of Buena Park, California, in the category for businesses with annual sales less than $1 million; RM Executive Transportation dba Mosaic Global Transportation in Redwood City, California, among firms with $1 million to $10 million in sales; United Building Maintenance of Carol Stream, Illinois, in the category for businesses with sales between $10 million and $50 million; and Vision Information Technologies, Inc., dba VisionIT of Detroit, Michigan, for firms with sales greater than $50 million.

Twelve minority businesses were honored as Regional Suppliers of the Year. They are Albu & Associates, Winter Park, Florida; The Bartech Group, Inc., Livonia, Michigan; BITHGROUP Technologies, Inc., Baltimore, Maryland; Corporate Management, Inc., dba Corporate Services Management LP, Tucker, Georgia; Ideal Electrical Supply Corporation, Washington, D.C.; Integrated Security Consultants Inc., Tampa, Florida; KMB Facility Solutions, San Diego, California; KCS, St. Paul, Minnesota; NIMBUS, Inc., Louisville, Kentucky; Pyramid Consulting, Inc., Alpharetta, Georgia; Unique Expressions, Ferndale, Michigan; and World Wide Technology, Inc., Maryland Heights, Missouri.
The economy displayed more signs of rebounding in 2012, and major corporations continued to seek out qualified Asian, Black, Hispanic and Native American suppliers capable of making solid contributions to their bottom lines – all the while remaining loyal to minority firms who had already distinguished themselves as valuable partners over the years. Since 1972, when NMSDC was chartered, corporate members have helped open the doors of opportunity to minority business enterprises (MBEs) in a multitude of industries in myriad ways. Corporations have created a climate of diversity and fairness for all by setting supplier diversity goals; providing training and mentoring programs; hosting networking events; offering opportunities to expand to additional business products, services or business units; encouraging or even suggesting joint ventures to handle large projects; offering scholarships for executive education programs; and sending a strong message from top leadership that exclusion will not be tolerated. Many minority firms’ stories are an inspiration. NMSDC is proud to share some of the success stories about the supply chain relationships between its corporate members and MBE partners in the following pages.

Flying High

Lockheed Martin Corporation, the aeronautics, defense and space systems, and information technology company based in Bethesda, Maryland, has found a proven partner for over a decade in ISPA Inc., a Black-owned engineering and information technology services firm. Lockheed Martin nominated the Atlanta-based firm for the 2012 Georgia Minority Supplier Development Council Supplier of the Year award for its affordable and innovative solutions for technical publications for its aircraft after its participation in the U.S. Department of Defense mentor-protégé program. ISPA’s participation in that program was also recognized in a Lockheed Martin awards ceremony in 2012.

The firm, founded in 1983, began its relationship with Lockheed Martin as a firm of 55 employees working to automate a technical manual for the C-130 aircraft after both companies entered into an agreement with the U.S. Air Force. Today, ISPA has 107 employees in four locations, including Robins Air Force Base in Warner Robins, Georgia; Clearwater, Florida; and Washington, D.C. The firm focuses its growth strategy on its systems engineering, software solutions support and technical and management services divisions.

The product ISPA developed, Infolinker, automates the development of hyperlinks inside and between PDF files, allowing Lockheed Martin to automate the process, producing over 80,000 hyperlinks in that aircraft’s flight and maintenance manuals, a 270+ book set. After developing Infolinker, ISPA’s services expanded to offer technical publications subcontracting support in writing, quality control, quality assurance and requirements for both C-5 and C-130 aircraft.

Praising ISPA’s affordable solutions, responsiveness, willingness to go beyond the call of duty to make sure his company gets what it needs for customer contracts and its unwavering support, Lockheed Martin technical publications manager Lance Yeates said, “ISPA continues to support and enlarge their Infolinker product as well as provide highly qualified solutions at very competitive rates to meet the short-term needs of the programs.”
In community involvement, ISPA also shines. The MBE helps Atlanta public school students by involving them in entrepreneurial experiences, obtained a team sponsorship from a local Kiwanis club, and donated $1,500 to Atlanta’s Campbell High School to help its Robotics Club. The club’s students focus on engineering design, market research, business and management. The company also supports the school’s girls’ softball team.

Lockheed Martin Aeronautics’ small business liaison office met GCC Enterprises Inc., at the Dallas/Fort Worth Minority Supplier Development Council’s Construction Hard Hat 2012 one-on-one matchmaking sessions. The Black-owned general contracting firm matched an immediate requirement by a company seeking new small firms as partners for subcontracting opportunities. The Dallas-based firm was recommended to the purchasing administrator, who invited the company to bid on a construction project for Lockheed Martin Aeronautics’ Fort Worth site. GCC, which eventually was awarded a $1.3M contract, has proven to be a highly-recommended supplier for additional projects at the Fort Worth facility.

In addition, Lockheed Martin recently debuted a new Web portal, Supplier Wire, dedicated to small businesses seeking to do business with the defense industry in general and Lockheed Martin, in particular. The portal’s wide range of educational resources includes free webinars, video tips, supplier testimonials, a list of products and services that Lockheed Martin buys – including corporate agreements with expiration dates – and available procurement opportunities. A calendar of supplier diversity events, information on how to find a partner for a proposal or research and development project, and how to be added to the Small Business Innovation Research directory that contains topics of interest to Lockheed Martin, plus technical points of contact are also featured. Soon, Supplier Wire will offer live chat sessions where firms can interact with subject-matter experts to answer questions in real-time.

“Lockheed Martin remains committed to small businesses and we continuously look for better methods to reach and find qualified diverse suppliers in the industry,” says Nancy Deskins, director of supplier diversity and category management. “Supplier Wire allows us to reach a greater targeted audience and educate firms on what we look for in a supplier. This new portal shares unique, sought-after procurement opportunities, and a more affordable solution for small businesses to engage with us without having to leave their workplace.”

Communicating Success

Interpublic Group of Companies, one of the world’s largest advertising and communications holding companies, with more than 43,000 employees at its digital, public relations, events, advertising and media firms worldwide, was the first holding company in the advertising and communications industry to have a full-time supplier diversity director, and the first to become a corporate member of NMSDC.

The Chicago-based company, an active member of NMSDC’s Advertising, Marketing, Entertainment and Sports industry group and par-
Participant in its Centers of Excellence program, spent more than $145 million with 150 certified minority firms in 2012, and has preferred supplier relationships with 10 of them. Interpublic’s sourcing team conducts quarterly compliance audits to ensure that its preferred MBE suppliers are being utilized.

For example, Diversant, a Black-owned information technology staffing and solutions firm that began its relationship with Interpublic in 2006, evolved into a preferred supplier through close attention to customer relations and service delivery. The Red Bank, N.J.–based firm consistently provided the best-available IT talent, including direct employees and consultants in technical management, as well as highly-qualified technical professionals in software development, SAP systems deployment and business analysis. In 2012, Interpublic spent more than $2.4 million with Diversant, thanks to the very high-quality caliber of applicants provided, and its company culture of dedication, responsibility and accountability.

Most recently, Architectural Flooring Resource, a Hispanic-owned, New York City-based commercial flooring company, was selected as Interpublic’s preferred supplier for commercial carpeting and wood and vinyl flooring. One of the largest minority and women-owned commercial flooring contractors in the U.S., the firm worked with several Interpublic business units in New York for two years, and was chosen as a preferred supplier because of the competitive discounts offered from three leading manufacturers – Bentley, Interface and Mohawk. In 2012, Interpublic contracted $1.9 million in business with the firm, which continues to grow its business.

Michael Roth, chairman and chief executive officer at Interpublic Group, said, “Supplier diversity is a strategic corporate initiative and a core element of our overall commitment to diversity at Interpublic. An important part of that commitment is putting together a supplier diversity program that allows us to work closely with firms that reflect the consumers we must reach on behalf of our clients. To that end, we actively seek out and provide opportunities for qualified, reliable, minority-owned businesses.”

A World of Diversity

Hilton Worldwide is a leading global hospitality company whose brands range from luxury full-service hotels and resorts to extended-stay suites and mid-priced hotels, including Conrad Hotels & Resorts, DoubleTree, Embassy Suites Hotels, Hampton Hotels, Hilton Garden Inn, Hilton Grand Vacations, Hilton Hotels & Resorts, Home2 Suites, Homewood Suites and Waldorf Astoria Hotels & Resorts. The 93-year-old company has 3,900 hotels with 650,000 rooms and a guest reward program.

Al Mar Housekeepers, Inc. and Tiger Natural Gas, Inc. help Hilton Worldwide offer business and leisure travelers the finest accommodations, service, amenities and value. Al Mar Housekeepers, Inc., a Hispanic-owned multi-faceted service company catering to the hospitality industry as well as commercial projects, has been a Hilton Worldwide supplier for its U.S. hotels since 1998. Besides providing housekeeping services, the Arlington, Texas-based firm also offers banquet and kitchen, floor care, power wash and many other....
labor-oriented services to Hilton as required. With more than 35 years’ experience in the commercial housekeeping industry, its management program is specifically designed to allow lodging and hospitality facility managers to have total knowledge and control of their services on a day-to-day basis, as well as weekly, monthly, quarterly, semi-annual and for annual projects.

By partnering with Al Mar, Hilton has eliminated the need to hire different companies for different jobs, as its decades-long experience and low turnover rate provide knowledgeable and experienced personnel. When Hilton learned of the impending retirement of Al Mar’s owner, and transfer of the business ownership to his daughter, the hotel company sent her to NMSDC’s Advanced Management Education Program at Northwestern University’s prestigious J.L. Kellogg Graduate School of Management. Since the daughter was the future chief executive officer of a business that was a trusted partner of Hilton, the hotel company decided that this educational opportunity would ensure a smooth transition. The skills she mastered were immediately put to use before she assumed ownership.

Tiger Natural Gas, Inc., a Native American-owned, Tulsa-based provider of natural gas to many Hilton Worldwide hotels in the Western U.S., especially California, began its relationship with Hilton Worldwide in 2009. Tiger, whose 20-plus years of energy supply experience enables it to understand the various energy markets and changes since energy deregulation, is customer-focused and easy to do business with. As a result of its partnership with Tiger, Hilton saved about 30% in fuel costs.

Besides being an outstanding supplier for Hilton, Tiger has won many awards as a leading minority business. In 2012, Tiger was named the Native American woman-owned Business of the Year by the National Center for American Indian Enterprise Development, and ranked No. 3 in the top 100 Native American-owned businesses in the U.S. The firm was also ranked No. 15 on the list of the top 500 woman-owned businesses in the U.S. in the DiversityBusiness.com annual multicultural awards. The year before, Tiger was the top-ranked woman-owned business in Oklahoma, and No. 3 among the top 100 privately-owned businesses in the state.

**Energizing the Supply Chain**

Shell, a group of energy and petrochemicals companies with nearly 90,000 employees in more than 70 countries that operates over 30 refineries and chemical plants, partnered with tax consulting firm Dan Martinez & Associates and saved tens of millions of dollars since 1997. Shell, whose U.S. headquarters is in Houston and the Hispanic-owned firm based in Sugar Land, Texas, have formed a strong and mutually-beneficial business relationship. Experts in Texas sales and use taxes, the Martinez firm’s auditors review client records to identify possible tax overpayments and underpayments to the state, then present and defend their findings to the Texas Comptroller’s Office in hopes of obtaining refunds.

Before starting the first Hispanic-owned sales and use tax consulting firm in Corpus Christi in 1992, when it represented companies like American Chrome & Chemicals, HB Zachary, Heldenfels Brothers, Southwestern Refining and Whataburger, Mr. Martinez was a state auditor for the Texas Comptroller’s Office of Public Accounts.

Shell hired his firm in 1997 to audit sales and use tax payments made by the Shell Deer Park Refinery and Chemical Plant between 1988 and 1996. After recovering millions of dollars in overpayments, Shell not only rehired Martinez,
but awarded it sales and use tax audit work for other Shell entities in Texas. The contract represented a golden opportunity for growth.

“It represented four times as much work from Shell as we had had previously,” Martinez recalls. “Shell’s confidence in us was a real boost to our company. We work strictly on a contingent basis, getting a percentage of the money we recover.”

Shell has been supportive in other ways as well, providing the firm with access to resources to perform its work that saved time, money and effort. As a result, the Martinez firm has been able to grow. It opened a new facility with state-of-the-art security in April 2011 by reinvesting more than $100,000 in new computer and information technology infrastructure to provide greater support to Shell.

In the late 1990s, the firm also introduced Shell to managed audits, a relatively new procedure that allows the taxpayer to perform its own audits with guidance and verification by a state auditor. This simplifies and reduces the cost of the entire process, and fits Shell’s principles to eliminate, simplify, standardize and automate.

Don Fancher, a Shell tax manager, says the eight-person consultancy has done an exemplary job for his company, and its strong knowledge of refining and chemical plant operations is a definite advantage.

“DM&A is small and focused on a single state, which allows it to develop a very in-depth understanding of Texas’s sales and use tax laws, regulatory history, case law and what’s going on with other manufacturing companies here. Its size allows it to perform a much more thorough review than some of the larger firms can provide. By the time it finishes work, its auditors may spend up to five work years on a very large or major audit.”

Today, Brewster Procurement Group, Inc., a Black-owned Lafayette, Louisiana-based MBE, handles refineries and chemical facilities, supply and distribution sites, and pipeline facilities for Shell in every state except Hawaii, as well as Shell’s Canada and global businesses. In 2001, the procurement services firm was integrating supply for quality control for the International Space Station and Space Shuttle program, winning numerous accolades from the industry. Shell Downstream heard a business model that it presented on the concept of integration of supply for non-contract spending and non-MRO (non-maintenance, repair and operation) purchases. Brewster’s model brought all spending under a strategic alliance umbrella to control runaway spending and mark-up costs.

The firm won a competitive bid to consolidate non-contract spending for Shell’s Gulf Downstream business in 2001. During the first year of the contract, sales were $1 million. But Brewster’s attention to detail, superior customer service and flexibility—coupled with its ability to deliver products safely, on-time and at a competitive price—doubled the figure in 2002, and doubled it again the next year. In five years, Shell and Brewster were doing nearly $12 million in business.
With increased volume, Brewster was able to lower Shell’s cost by 40% from the original contract pricing. In 2005, when Hurricanes Katrina and Rita hit land, Shell Pipeline and Motiva Port Arthur Refinery gave Brewster the opportunity to stabilize and re-open the facilities, where they offered emergency satellite staffing for procurement and vendor management services. This included catering, campground set-up, non-contract spending consolidation, plus procuring materials and services for hundreds of workers working around the clock.

Brewster accomplished this while providing emergency response and similar duties for other major energy companies and production platforms offshore in Louisiana. From Lafayette, Brewster mobilized a team of trucks and helicopters to help ferry needed supplies and materials. After Shell Pipeline witnessed all these accomplishments first-hand, Brewster’s contract in sales to Shell grew exponentially. The Brewster name became synonymous with 100% perfect order fulfillment, consolidation of spending, dedication and commitment to excellence. The Shell platform gave it the opportunity it needed to expand its capacity with other major oil and gas industry leaders. During its relationship with Shell, Brewster also maintained 7-10% spending with other minority- and women-owned businesses.

Hitting a Homerun

Major League Baseball, which consists of 30 major league teams, a television division called MLB Network and a digital media division, MLB Advanced Media, held its first Diversity Business Summit in Chicago in 2012. Believed to be the first of its kind in American sports, the goal of the conference was to broaden the backgrounds of people who work in the national past-time. The event drew 1,000 people, including more than 500 MBEs in industries as varied as technology, promotional items, professional services and facilities, hoping to forge a relationship in baseball or with its suppliers.

The summit at the Hyatt Regency McCormick Place and adjoining convention center included panel discussions featuring five baseball team owners speaking about the business of baseball and its emerging forms of technology; individual matchmaking sessions to meet with various teams or divisions; business briefings about baseball operations, licensing, international and community; and a job fair for diverse job seekers.

Wendy Lewis, MLB’s senior vice president of diversity and strategic alliances, discussed the concept with its Commissioner, a supportive advocate, a few years ago. The summit meant her dream was realized, but to the Commissioner, it was nothing less than a chance to help shape the face of the future of baseball.

“This is really historic, and it means a great deal to me,” said MLB Commissioner Allen “Bud” Selig. “I remember when we started in the ’90s and it (diversity) was nothing. When you really understand the history of the sport, you really understand what diversity was and is [now]. Jackie Robinson became, in my opinion, one of the two or three or four most important Americans in the 20th century. Why? Think about this: Robinson came to the big leagues on April 15, 1947. President Harry Truman didn’t desegregate the U.S. Army until 1950. Brown vs. Board of Education was in 1954 and the actual Civil Rights movement didn’t start until 1962.”

“| I often say we’re a social institution, and to be able to do something like this (supplier diversity) -- create this, watch it grow and do other things -- it’s a privilege. A lot of people say, ‘Oh, you have to do this.’ I don’t have to do anything, but you’re lucky to be in a position like this so you can do things like this.”

Allan “Bud” Selig, Commissioner, Major League Baseball
SodexoMAGIC provides cafeteria, catering and vending services for Harley-Davidson’s corporate headquarters. Pictured at the facility are, left to right: Don Gogan, vice president of materials management, Harley-Davidson; Jaison Battle, director of materials planning and indirect procurement, Harley-Davidson; Roberto Mendez, general manager, SodexoMAGIC; and Keith E.Wandell, chairman, president and chief executive officer, Harley-Davidson, Inc.

Selig’s previous accomplishments in diversity for baseball include the creation of the Reviving Baseball in Inner Cities (RBI) and Urban Youth Academies initiatives. Both are baseball programs that target youth in urban areas to engage them in playing and/or participating in baseball as scouts, umpires and coaches.

Rev. Jesse Jackson, a former presidential candidate and creator of the Rainbow PUSH Coalition, attended the summit. He suggested other American sports should start similar programs. “It’s an effective way to broaden the base of baseball, because beyond being a sport it’s a business, and beyond that, it is an industry. If more people are involved, then more people have an interest in its success. We didn’t know how good baseball could be until everybody could play. And we don’t know how good business can be until everyone can play. Major League Baseball is marketing. It’s advertising and promotions, making and designing uniforms. It’s vendors.”

That concept - that diversity means more than the composition of the teams that play the game - took center stage at the summit. Ms. Lewis noted that it’s one thing to teach someone, but something else entirely to make them feel like they belong, “If you tell me, I’ll forget. If you show me, I’ll remember. But if you bring me in and engage me, I will understand. That’s what today’s about, to learn and grow and be with baseball.”

Motoring Along

Harley-Davidson Motor Company—the Milwaukee-based manufacturer of motorcycles, motorcycle parts, accessories, riding gear, apparel and general merchandise—places great emphasis on developing relationships with suppliers that are mutually beneficial and support the long-term competitiveness of the business. The company, which celebrates its 110th anniversary in 2013, has a robust process in place to proactively develop all suppliers and their capabilities. In 2012, several minority-owned firms distinguished themselves.

SodexoMAGIC, a Black-owned joint venture between Magic Johnson Enterprises, a conglomerate whose chairman is pro basketball Hall of Famer Earvin “Magic” Johnson, Jr., and Sodexo, Inc., was awarded cafeteria, catering and vending services for Harley-Davidson’s corporate headquarters. Service expansions are planned to other areas of the company because the Gaithersburg, Maryland-based firm effectively provides flexible, innovative and comprehensive food service solutions. WorldPac Paper, a Black-owned national distributor of high-quality printing and packaging papers solutions based in Chester, Ohio, won significant new contracts that nearly doubled its business with Harley-Davidson. The firm supplies paper for the quarterly 650,000-reader HOG Magazine, the Harley Owner’s Group Touring Handbook and an 856-page catalog, the Genuine Harley-Davidson® Parts & Accessories Big Book.
In addition, Zones, Inc., an Asian Indian-owned single-source technology hardware, desktop, notebook, storage and software licensing provider based in Auburn, Washington, was awarded significant new contracts with Harley-Davidson in 2012. The contract includes software and maintenance renewal purchases for Microsoft and Adobe Systems plus hardware.

Other MBEs that play a pivotal role in the Harley-Davidson supply chain include JC Industries, Midwest Acorn Nut Company and Syncreon U.S. Harley-Davidson has enjoyed doing business with Midwest Acorn Nut Co., an Asian Pacific-owned provider of highly cosmetic metal fasteners, as both a Tier 1 and Tier 2 supplier since 1998. Based in Troy, Michigan, the firm consistently produces high-quality parts with great customer service. JC Industries, an Asian Pacific-owned clothing manufacturer based in Los Angeles, makes sportswear shirts for Harley-Davidson MotorClothes® apparel. A recent MBE supplier addition is Syncreon U.S., a Black-owned strategic service provider in Sterling Heights, Michigan, for Harley-Davidson’s final vehicle assembly operations in York, Pennsylvania. The company provides sub-assembly, sequencing, kitting, warehousing and returnable container management.

“In a global economy, supplier diversity is good business practice that also provides a strategic advantage for U.S. companies,” said Keith E. Wandell, chairman, president and chief executive officer of Harley-Davidson, Inc. “We believe fostering a high quality, diverse supplier base is important to the continuous improvement and competitiveness of our company.”

### Driving to the Top

For Chrysler Group LLC, a manufacturer of Chrysler, Jeep, Dodge, Fiat, Ram, SRT and Mopar vehicles based in Auburn Hills, Michigan, 2012 was a very successful year for its supplier diversity program. The company achieved all-time highs in dollar spending with MBEs, both Tier 1 and Tier 2 percentage spending, and in the number and percentage of suppliers reporting through its Tier 2 program. The company spent $2 billion directly with MBEs, plus an additional $2.5 billion through Tier 2 last year. Among several large contracts awarded to some of the 200 minority-owned firms who have contracts with Chrysler, the most significant was the award of the management of Chrysler’s contract labor to ZeroChaos, a Hispanic-owned Orlando-based staffing firm.

Flex-N-Gate, an Asian Indian-owned metal and plastic products firm that is currently one of Chrysler’s largest minority suppliers, has been a part of its supply base for over 20 years. Starting in the metallic area, the Urbana, Illinois-based firm grew its business to include several other commodity areas, mainly interior components and fascias. Chrysler nominated Flex-N-Gate, a representative of the Chrysler Supplier Advisory Council, to serve on the board of directors of the Michigan Minority Supplier Development Council.

Hightower Petroleum Co., a Black-owned fuel transporter based in Franklin, Ohio, handles a significant amount of Chrysler’s fuel fill business. In addition, several minority-owned law firms and pension management firms have contracts with Chrysler.

When one of Chrysler’s large Tier 1 suppliers decided to exit the automotive business in 2010, the company required a supplier capable of taking over a significant piece of business, while
maintaining price and quality levels. Camryn Industries, a Black-owned producer of suspension modules, stepped in without the guarantee of future business and met or exceeded every objective. Ultimately, Camryn, a Southfield, Michigan-based subsidiary of Comer Holdings LLC, was awarded additional business, and has established itself as a long-term partner in that commodity area.

For several years, one non-minority supplier handled most of the chemical management business at Chrysler assembly plants. But Chrysler’s manufacturing and purchasing management decided establishing more competition in that commodity group would be beneficial. After a demanding bidding process, ChemicoMays, LLC, a Black-owned Southfield-based chemical manager and a joint venture of Chemico Systems and Mays Chemical Co., won the contract as a result of its quality standards, strong management team and the overall comprehensive nature of its price quote.

**Superior Networking**

Cisco Systems, Inc., the San Jose, California-based worldwide leader in computer networking that transforms how people connect, communicate and collaborate, honored Telamon Corporation with its 2012 Best Diverse Supplier award at its annual Supplier Appreciation Event. Cisco recognized the Carmel, Indiana, company for consistently delivering top performance and contributing to Cisco’s overall success and bottom line. The Asian-owned firm specializes in solutions for telecommunications, business transactions, energy, assembly and logistics for medical material.

“As a long-time Cisco strategic partner for optical products, Telamon Corporation provides top-notch supply chain management and logistics services. After the Japan earthquake resulted in a worldwide optical component shortage, Telamon’s innovative solutions and flawless execution enabled us to meet all of our aggressive shipment target dates well ahead of schedule,” said Hong Ling, senior manager, supply chain operations, Cisco.

In recent years, Telamon—which is Greek for “support”—has designed innovative solutions, successfully penetrated new areas of business, and increased revenues dramatically. Its proactive, results-oriented approach helped enable Cisco’s largest broadband customers to build or rebuild their regional transport networks, which represented the largest growth areas for cable companies in 2011 and 2012.

Founded in 1985 by Albert Chen, the chief executive officer, Telamon also supports its corporate customers with cutting-edge technology by using renewable energy, earning customers an aggressive return-on-investment and many long-term energy sustainability efficiency benefits.

World Wide Technology, Inc., a Black-owned systems integrator, was also an award-winner at the 2012 Cisco Partner Summit conference in San Diego. The largest Black-owned technology company in the nation won a total of six awards at each of the three award levels – Global, Geo and Theater – including the coveted Cisco Global Award for Architectural Excellence in Collaboration. Cisco’s Global Awards are designed to recognize exemplary channel partners that demonstrate best-in-class business practices and serve as a model to the industry.

Founded in 1990, WWT is a Cisco Gold Certified Partner that continues to grow its business by delivering and supporting advanced technology solutions to commercial, government, and telecom customers. The St. Louis firm was also recognized as one of Fortune’s “100 Best Companies to Work for” two years in a row for its corporate culture that combines productive, people-focused work environments with strong growth.
Refining Supplier Diversity

Chevron Corporation is one of the world’s leading integrated energy companies. Its businesses include oil and natural gas exploration and production, manufacturing gasoline and refined products – sold under the Chevron, Texaco and Caltex brands – lubricants and additives, mining, petrochemicals, power and technology. The 130-year-old San Ramon, California-based company spent more than $292 million on certified minority suppliers in 2012, covering a wide range of products and services that give the company a competitive advantage.

Chevron’s Gulf of Mexico business unit is able to optimize the use of minority suppliers through committed leadership, dedicated supplier diversity resources, processes and tools that consistently integrate supplier diversity into a standard supply chain and procurement process. The unit places particular emphasis on minority supplier development and employs creative approaches to build capacity and support minority suppliers through measured risk taking, collaborative relationships and a willingness to develop suppliers in non-traditional services.

“Chevron’s goal is to promote an inclusive business environment,” said Sean McCann, Chevron’s Gulf of Mexico supply chain manager. “We do this by partnering with suppliers who have a record of consistent performance, a strong safety culture and values that reflect the Chevron Way.”

The reciprocal relationship between Chevron and its minority suppliers results in cost savings for both parties, higher levels of operational efficiency and an increase in the use of technology. In addition, Chevron’s partnership with NMSDC has been instrumental in connecting Chevron to the diverse supplier community, a relationship that supports Chevron’s social performance objectives and business objectives that promote economic development and sustainability for local communities.

Chevron supports economic development for small and minority business enterprises. Its supplier diversity and minority supplier development program is rooted in the commitment to an inclusive work environment and a supply chain reflective of the communities it serves.

Looking Ahead

Understanding their clients’ businesses and meeting—and even surpassing—their expectations, despite the vagaries of the economy, is how countless minority-owned firms have become true partners to NMSDC corporate members. Increasing efficiency, lowering costs, devising innovative products and solutions, adding value and learning to adapt to change are the keys to MBE success. NMSDC is delighted that many minority businesses merit awards and high praise from their corporate clients for a job well-done. We look forward to these corporations continuing to provide business opportunities to Asian, Black, Hispanic and Native American suppliers in the future.

“At Lockheed Martin, we’re at our best when we bring talented people with diverse capabilities and experiences together to take on our customers’ toughest challenges. Embracing diversity sparks creativity, generates new ideas, and raises smart, insightful questions. That’s when innovation really takes flight.”

*Marilyn Hewson, Chief Executive Officer and President, Lockheed Martin Corporation*
National Corporate Members

AARP
AFLAC US
AGL Resources, Inc.
AK Steel Holding Corporation
ARAMARK Corporation
AREVA, Inc.
AT&T Inc.
AXA Equitable Life Insurance Co.
Abbott Laboratories, Inc.
AbbVie Inc.
Accenture LLP
Acument Global Technologies North America
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Aisin World Corporation
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American Airlines, Inc.
American Cancer Society
American Express Company
American Family Mutual Insurance Company
American International Group, Inc.
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American Water Works Company, Inc.
Ameren Inc.
Anschutz Entertainment Group (AEG)
Aon Corporation
Apple, Inc.
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ArcelorMittal USA Inc.
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Avaya Inc.
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BBDO New York
BBVA Compass
BMC Software, Inc.
BMO Harris Bank
BMW North America, LLC
BNSF Railway Company
BP America, Inc.
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Ball Corporation
Bank of America Corporation
The Bank of New York Mellon Corporation
Barry Callebaut U.S.A. LLC
Battelle Memorial Institute
Bausch & Lomb Incorporated
Baxter Healthcare Corporation
Bayer Corporation
Behr America, Inc.
Belk, Inc.
Best Buy Co., Inc.
Black & Veatch Corporation
Blue Cross and Blue Shield Association
Blue Cross and Blue Shield of Massachusetts, Inc.
Boehringer Ingelheim Pharmaceuticals
The Boeing Company
Bon Secours Health System, Inc.
Booz Allen Hamilton, Inc.
Border States Electric
BorgWarner Inc.
Robert Bosch LLC
Bostik, Inc.
Boston Scientific Corporation
Boyd Gaming Corporation
Bridgestone Americas Holding, Inc.
Bright Horizons Family Solutions, Inc.
Brinker International, Inc.
Bristol-Myers Squibb Company
Brocade Communications Systems, Inc.
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Vice President Operations-Global Procurement  
International Business Machines Corporation

Mr. William F. Kornegay*  
Senior Vice President, Supply Management  
Hilton Worldwide

Mr. Thomas E. Lake  
Division Manager, North America Purchasing  
Honda of America Manufacturing, Inc.

Mr. Reginald K. Layton*  
Executive Director, Supplier Diversity and Business Development  
Johnson Controls, Inc.

Mr. Mariano Legaz  
Vice President, Supply Chain Services  
Verizon Communications

Ms. Maria Lindenberg  
Chief Procurement Officer  
Chevron Corporation

Mr. Fernando Martinez*  
President and Chief Executive Officer  
Northwest Minority Supplier Development Council, Inc.

Ms. Ruby McCleary  
Director, Supplier Diversity  
United Airlines, Inc.

Mr. Craig McKenney  
Vice President, Procurement  
Best Buy Co., Inc.

Ms. Farryn Melton, C.P.M.*  
Senior Vice President and Chief Procurement Officer  
Bristol-Myers Squibb Company

Mr. J. Joe Mena  
President  
Summit Container Corporation

Ms. Rohena A. Miller  
President and Chief Executive Officer  
Niche Marketing, Inc.

Mr. Steven G. Miller*  
Senior Vice President, Strategic Sourcing and Procurement  
The Walt Disney Company

Ms. Denise Naguib  
Vice President, Sustainability and Supplier Diversity  
Marriott International, Inc.

Mr. Robert W. Noel  
Vice President, Procurement  
Exxon Mobil Corporation

Mr. Mitch Parrish  
Vice President, Global Supply Chain Operations  
Medtronic, Inc.

Mr. Pavan Pattada  
Senior Vice President, Corporate Supply Chain  
Eaton Corporation

Ms. Nicole M. Peterson  
Senior Director, Supplier Diversity  
The Home Depot, Inc.

Mr. Jeffrey Place  
Director, Global Supply Management  
United Technologies Corporation

Ms. Carla Preston  
Director, Supplier Diversity Development  
Ford Motor Company

Ms. Gloria D. Pualani  
Director, Small Business  
Northrop Grumman Corporation

Ms. Terri L. Quinton*  
Chief Executive Officer  
Alliance of Diversity Printers, LLC

Mr. Roderick Rickman  
Chairman and Chief Executive Officer  
Rickman Enterprise Group, LLC

Mr. Quentin Roach  
Senior Vice President and Chief Procurement Officer  
Merck & Co., Inc.

Dr. Sally Saba  
Executive Director, National Supplier Diversity  
Kaiser Foundation Health Plan, Inc.

Mr. Guy Schwepppe  
Vice President, Global Materials World Wide Procurement  
Dell Inc.

Mr. James J. Sheehy  
Vice President, Procurement  
MillerCoors, LLC

Mr. D. K. Singh  
Senior Vice President, Enterprise Procurement  
ConAgra Foods, Inc.

Mr. Mark Stolarczyk  
Vice President of Strategic Sourcing  
MGM Resorts International

Ms. Marianne Strobel  
Assistant Vice President, Supply Diversity  
AT&T Inc.

Ms. Barbara A. Taylor  
Director, Supplier Diversity Integration  
The Boeing Company

Ms. Renee J. Taylor*  
Director, Supplier Diversity  
Milwaukee Public Schools

Ms. Denise Thomas  
Director, Supplier Diversity  
The Kroger Company

Mr. Howard E. Thompson  
Vice President, Purchasing  
Macy's, Inc.

Ms. Terrez M. Thompson  
Vice President, Global Supplier Diversity  
The Coca-Cola Company

Mr. Guy Wagner  
Director of Purchasing Administration, Cost Management and Strategy  
Nissan North America, Inc.

Ms. Linda A. Ware  
Manager, Supplier Diversity  
General Motors Company, LLC

Mr. David R. Wheeler*  
Senior Vice President, Global Supply Chain  
Cintas Corporation

Ms. Janice B. Williams-Hopkins  
Manager, Supplier Outreach  
United States Postal Service

Mr. Chester R. Yancy  
Manager, Small and Underutilized Businesses  
Arizona State University

Ms. Francene Young  
Vice President, Diversity and Talent-US  
Shell Oil Company

*Executive Committee Members
The Board of Directors
National Minority Supplier Development Council, Inc.

We have audited the accompanying financial statements of National Minority Supplier Development Council, Inc. (the Council), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred above present fairly, in all material respects, the financial position of National Minority Supplier Development Council, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Report on summarized comparative information

We have previously audited the National Minority Supplier Development Council Inc.’s 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

May 9, 2013

[Signature]

Mitchell & Titus, LLP
### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (Note 3)</td>
<td>$1,544,862</td>
<td>$1,027,269</td>
</tr>
<tr>
<td>Short-term investments (Note 4)</td>
<td>1,001,912</td>
<td>4,387,878</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,017,253</td>
<td>786,314</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>129,626</td>
<td>122,727</td>
</tr>
<tr>
<td>Total current assets</td>
<td>3,693,653</td>
<td>6,324,188</td>
</tr>
<tr>
<td>Cash—collateral (Notes 4 and 6)</td>
<td>168,561</td>
<td>168,131</td>
</tr>
<tr>
<td>Long-term investments (Note 4)</td>
<td>5,458,914</td>
<td>3,947,857</td>
</tr>
<tr>
<td>Furniture, fixtures, equipment and leasehold improvements, net (Note 5)</td>
<td>2,576,943</td>
<td>1,084,600</td>
</tr>
<tr>
<td>Total assets</td>
<td>$11,898,071</td>
<td>$11,524,776</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,012,118</td>
<td>$1,491,476</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,557,009</td>
<td>1,946,032</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,569,127</td>
<td>3,437,508</td>
</tr>
<tr>
<td>Deferred compensation (Note 8)</td>
<td>277,023</td>
<td>264,989</td>
</tr>
<tr>
<td>Deferred rent credits</td>
<td>336,696</td>
<td>344,259</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>3,182,846</td>
<td>4,046,756</td>
</tr>
<tr>
<td>Commitment and contingencies (Note 6)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets (Note 7):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated</td>
<td>1,685,280</td>
<td>1,413,582</td>
</tr>
<tr>
<td>Undesignated</td>
<td>6,924,945</td>
<td>5,947,312</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>8,610,225</td>
<td>7,360,894</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>5,000</td>
<td>17,126</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total net assets</td>
<td>8,715,225</td>
<td>7,478,020</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$11,898,071</td>
<td>$11,524,776</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### Statement of Activities

National Minority Supplier Development Council, Inc.®
December 31, 2012 (With comparative totals for 2011)

#### Revenue

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$8,854,371</td>
<td>-</td>
<td>-</td>
<td>$8,854,371</td>
<td>$8,747,885</td>
</tr>
<tr>
<td>Seminar registration, trade show and meeting fees</td>
<td>2,965,635</td>
<td>-</td>
<td>-</td>
<td>2,965,635</td>
<td>3,372,700</td>
</tr>
<tr>
<td>Contributions</td>
<td>996,200</td>
<td>332,700</td>
<td>-</td>
<td>1,328,900</td>
<td>1,657,150</td>
</tr>
<tr>
<td>In-kind contributions (Note 10)</td>
<td>1,802,183</td>
<td>-</td>
<td>-</td>
<td>1,802,183</td>
<td>69,732</td>
</tr>
<tr>
<td>Special event</td>
<td>913,000</td>
<td>-</td>
<td>-</td>
<td>913,000</td>
<td>897,000</td>
</tr>
<tr>
<td>Investment income</td>
<td>161,344</td>
<td>-</td>
<td>-</td>
<td>161,344</td>
<td>169,596</td>
</tr>
<tr>
<td>Other income</td>
<td>323,234</td>
<td>-</td>
<td>-</td>
<td>323,234</td>
<td>232,539</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose restrictions satisfied</td>
<td>332,700</td>
<td>(332,700)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>16,348,667</td>
<td>-</td>
<td>-</td>
<td>16,348,667</td>
<td>15,146,602</td>
</tr>
</tbody>
</table>

#### Expenses

**Program Services:**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field operations</td>
<td>6,908,197</td>
<td>-</td>
<td>-</td>
<td>6,908,197</td>
<td>6,714,598</td>
</tr>
<tr>
<td>Members services</td>
<td>788,344</td>
<td>-</td>
<td>-</td>
<td>788,344</td>
<td>679,014</td>
</tr>
<tr>
<td>Annual conference</td>
<td>2,374,304</td>
<td>-</td>
<td>-</td>
<td>2,374,304</td>
<td>2,479,530</td>
</tr>
<tr>
<td>Trade show</td>
<td>393,635</td>
<td>-</td>
<td>-</td>
<td>393,635</td>
<td>494,771</td>
</tr>
<tr>
<td>Learning programs</td>
<td>482,411</td>
<td>-</td>
<td>-</td>
<td>482,411</td>
<td>567,111</td>
</tr>
<tr>
<td>Other program services</td>
<td>626,591</td>
<td>-</td>
<td>-</td>
<td>626,591</td>
<td>479,938</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>11,573,482</td>
<td>-</td>
<td>-</td>
<td>11,573,482</td>
<td>11,414,962</td>
</tr>
</tbody>
</table>

**Supporting Services:**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General administration</td>
<td>2,835,892</td>
<td>-</td>
<td>-</td>
<td>2,835,892</td>
<td>2,678,861</td>
</tr>
<tr>
<td>Fund development</td>
<td>702,088</td>
<td>-</td>
<td>-</td>
<td>702,088</td>
<td>659,899</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>3,537,980</td>
<td>-</td>
<td>-</td>
<td>3,537,980</td>
<td>3,338,760</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>15,111,462</td>
<td>-</td>
<td>-</td>
<td>15,111,462</td>
<td>14,753,722</td>
</tr>
<tr>
<td><strong>Changes in net assets</strong></td>
<td>1,237,205</td>
<td>-</td>
<td>-</td>
<td>1,237,205</td>
<td>392,880</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>7,373,020</td>
<td>5,000</td>
<td>100,000</td>
<td>7,478,020</td>
<td>7,085,140</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$8,610,225</td>
<td>$5,000</td>
<td>$100,000</td>
<td>$8,715,225</td>
<td>$7,478,020</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Statement of Cash Flows

National Minority Supplier Development Council, Inc.®
December 31, 2012 (With comparative figures for 2011)

Cash Flows From Operating Activities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in net assets</td>
<td>$1,237,205</td>
<td>$392,880</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>432,618</td>
<td>273,919</td>
</tr>
<tr>
<td>Amortization of deferred rent credits</td>
<td>(7,563)</td>
<td>(7,563)</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>21,400</td>
<td>16,500</td>
</tr>
<tr>
<td>Donated software</td>
<td>(1,767,450)</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Unrealized depreciation on investments</td>
<td>26,278</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>(230,939)</td>
<td>173,807</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(6,899)</td>
<td>8,030</td>
</tr>
<tr>
<td>(Decrease) increase in accounts payable and accrued expenses</td>
<td>(479,358)</td>
<td>669,568</td>
</tr>
<tr>
<td>(Decrease) increase in deferred revenue</td>
<td>(389,023)</td>
<td>154,091</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(1,163,731)</td>
<td>1,676,232</td>
</tr>
</tbody>
</table>

Cash Flows From Investing Activities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(2,400,000)</td>
<td>(3,210,121)</td>
</tr>
<tr>
<td>Proceeds from maturity/sale of investments</td>
<td>4,260,236</td>
<td>1,875,720</td>
</tr>
<tr>
<td>Deferred compensation deposits</td>
<td>(21,400)</td>
<td>(16,500)</td>
</tr>
<tr>
<td>Security deposits refund</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td>Purchases of furniture, fixtures, and equipment and leasehold improvements</td>
<td>(157,512)</td>
<td>(185,281)</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>1,681,324</td>
<td>(1,533,682)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>517,593</td>
<td>142,550</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>1,027,269</td>
<td>884,719</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$1,544,862</td>
<td>$1,027,269</td>
</tr>
</tbody>
</table>

Supplemental cash Flow Information:

Noncash transactions (Note 10)

Supplemental Disclosure of Cash Flow Information

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution of software</td>
<td>$1,767,450</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### NOTE 1. ORGANIZATION

National Minority Supplier Development Council, Inc. (the Council) advances business opportunities for certified minority business enterprises and connects them to corporate members.

The Council, a not-for-profit organization incorporated in Illinois, is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Council have been prepared on the accrual basis of accounting. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**a) Financial Statement Presentation**

The Council reports information regarding its financial position and activities according to three net asset classes: unrestricted, temporarily restricted and permanently restricted.

**b) Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**c) Contributions**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor’s restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind contributions, donated services and materials are recorded at the fair value on the date of donation.

**d) Membership Dues**

Certain firms in private industry that desire membership in the Council are required to pay annual membership dues in amounts determined by the Council’s Board of Directors. Dues are deferred until recognized as income based on the fiscal period for which they are assessed.

**e) Furniture, Fixtures, Equipment, and Leasehold Improvements**

Furniture, fixtures and equipment are carried at cost and are depreciated using the straight-line method over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the term of the lease. Equipment and furniture and fixtures are capitalized if they cost $500 or more and have a useful life when acquired of more than one year. Estimated useful lives are as follows:

- **Leasehold improvements**: 6-12.5 years (or the remaining lease term, if shorter)
- **Equipment**: 5 years
- **Furniture and fixtures**: 7 years

**f) Cash Equivalents**

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

**g) Investments**

Investments are stated at fair value.

The Council values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable. The three levels of the hierarchy under fair value measurements are described below:

- **Level 1**: Quoted prices in active markets for identical securities.
- **Level 2**: Prices determined using other significant observable inputs, which are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk and others.
- **Level 3**: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Council’s own assumptions and would be based on the best information available.

Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy.

Interest income, including unrealized depreciation earned investments, is recognized as unrestricted revenue unless specifically restricted for use by the donor.

**h) Functional Allocations of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**i) Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**j) Recent Accounting Pronouncement**

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs. ASU 2011-04 amended Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). For fair value measurements categorized within Level 3 of the fair value hierarchy, the following are required: (i) a description of the valuation processes, (ii) quantitative information
in tabular format about the significant unobservable inputs used in the fair value measurement, and (iii) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. In addition, ASU 2011-04 requires the disclosure of the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers, and the policy for determining when transfers between levels are deemed to have occurred. Transfers into each level must be disclosed and discussed separately from transfers out of each level. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Council adopted the provisions of ASU 2011-04 as of January 1, 2012.

NOTE 3. CONCENTRATION OF RISK

At December 31, 2012 and 2011, cash balances at financial banking institutions exceeded the federally insured limit of $250,000. Management regularly monitors the financial condition of the banking institutions, along with their cash balances, and endeavors to keep the potential risk to a minimum.

The Council’s investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Council’s financial position and the level of risk inherent in most investments, it is reasonably possible that the changes in the values of these investments could occur in the near term. The changes could materially affect the amounts reported in the financial statements. Management believes that the diversification of its investments among the various asset classes (see Note 4) should mitigate the impact of changes in any one asset class.

NOTE 4. INVESTMENTS

Investments held at December 31, 2012 and 2011, consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012 Fair Value</th>
<th>2011 Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>$1,477,519</td>
<td>$1,089,379</td>
</tr>
<tr>
<td>Annuities</td>
<td>3,440,350</td>
<td>2,851,026</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>1,209,882</td>
<td>258,168</td>
</tr>
<tr>
<td>Money market funds</td>
<td>1,914,042</td>
<td>6,821</td>
</tr>
<tr>
<td>Real estate investment trusts</td>
<td>406,660</td>
<td>-</td>
</tr>
<tr>
<td>Corporate bond</td>
<td>5,171</td>
<td>-</td>
</tr>
<tr>
<td>GE Interest Plus</td>
<td>-</td>
<td>4,272,550</td>
</tr>
<tr>
<td>Artwork</td>
<td>25,922</td>
<td>25,922</td>
</tr>
</tbody>
</table>

_statement of financial position reconciliation_

<table>
<thead>
<tr>
<th>Statement of financial position reconciliation</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount reflected as cash equivalent</td>
<td>$1,850,159</td>
<td>-</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>1,001,912</td>
<td>4,387,878</td>
</tr>
<tr>
<td>Amount designated for cash collateral</td>
<td>168,561</td>
<td>168,131</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>5,458,914</td>
<td>3,947,857</td>
</tr>
<tr>
<td>Total investments</td>
<td>$8,479,546</td>
<td>$8,503,866</td>
</tr>
</tbody>
</table>

Certificates of deposit at December 31, 2012, and 2011, consisted of amounts on deposit at financial institutions, with interest rates ranging from 0.25% to 3.44% and various maturity dates.
Transfers between level categories may occur due to changes in the availability of market observable inputs, which are usually caused by changes in market conditions, such as availability of market observable quoted prices, liquidity, trading volume, or bid-ask spreads. Transfers in and out of level categories are reported as having occurred at the beginning of the year in which the transfer occurred.

There were no transfers between Levels 1 and 2 as of December 31, 2012. As of January 1, 2011, mutual funds were transferred from Level 2 to Level 1 due to the availability of market observable inputs.

The Council’s Vice President of Finance and Administration reviews the REITs monthly statements to assess the reasonableness of the fair values. In addition, the Council uses a third-party investment advisor to assist in determining the fair values of the REITs. The investment advisor reports to the President and the Vice President of Finance and Administration of the Council. The President and Vice President of Finance and Administration report to the Executive Committee of the Board of Directors. The Executive Committee meets at least three times each year.

The following table represents the Council’s Level 3 assets, the valuation techniques used to measure the fair value of those assets and the significant unobservable inputs used in the fair value measurement.

<table>
<thead>
<tr>
<th>Asset Fair Value</th>
<th>Principal Valuation Technique</th>
<th>Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$406,660</td>
<td>Real estate valuations</td>
<td>Weighted average cost of capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Volatility of credit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term revenue growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term pretax operating margin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discounted cash flow</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discount for lack of marketability and illiquid shares</td>
</tr>
</tbody>
</table>

The significant unobservable inputs used in the fair value measurement of the REITs are the weighted-average cost of capital, the volatility of credit, and the discount for lack of marketability and illiquid shares. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement, respectively.

The table below is a reconciliation of Level 3 assets for the year ended December 31, 2012:

<table>
<thead>
<tr>
<th>GE Interest Plus</th>
<th>Real estate investment trusts</th>
<th>Artwork</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$4,272,550</td>
<td>-</td>
<td>25,922</td>
</tr>
<tr>
<td>Purchases</td>
<td>-</td>
<td>400,000</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>(4,301,181)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>28,631</td>
<td>6,600</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25,922</td>
<td></td>
</tr>
</tbody>
</table>

The table below is a reconciliation of Level 3 assets for the year ended December 31, 2011:

<table>
<thead>
<tr>
<th>GE Interest Plus</th>
<th>Artwork</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$3,358,959</td>
<td>$25,922</td>
</tr>
<tr>
<td>Purchases</td>
<td>2,200,000</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>(1,350,045)</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>63,636</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25,922</td>
</tr>
</tbody>
</table>
NOTE 5. FURNITURE, FIXTURES, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Furniture, fixtures, equipment, and leasehold improvements consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$3,368,748</td>
<td>$1,443,786</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>555,499</td>
<td>555,499</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>868,331</td>
<td>868,331</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation and amortization</strong></td>
<td><strong>4,792,578</strong></td>
<td><strong>2,867,616</strong></td>
</tr>
<tr>
<td></td>
<td>2,215,635</td>
<td>1,783,016</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,576,943</strong></td>
<td><strong>1,084,600</strong></td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for the years ended December 31, 2012 and 2011, amounted to $432,618 and $273,919, respectively.

NOTE 6. OFFICE LEASE

On November 15, 2008, the Council entered into a new lease agreement for office space set to expire on May 31, 2021, which has provisions for future rent increases and rent-free periods. The total amount of rental payments due over the term of the lease is being charged to rent expense on the straight-line method over the term of the lease. As security for the lease, the lease agreement requires the Council to have a $336,072 letter of credit that is collateralized by a certificate of deposit owned by the Council. As of December 31, 2012, the collateral required was lowered to $168,036.

During 2012 and 2011, the Council incurred $774,574 and $782,351, respectively, in rent and related occupancy expenses under the lease. As of December 31, 2012, minimum future annual rents under the terms of the leases are as follows:

<table>
<thead>
<tr>
<th>Years</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$630,135</td>
</tr>
<tr>
<td>2014</td>
<td>630,135</td>
</tr>
<tr>
<td>2015</td>
<td>672,144</td>
</tr>
<tr>
<td>2016</td>
<td>672,144</td>
</tr>
<tr>
<td>2017-2021</td>
<td>4,543,974</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,148,532</strong></td>
</tr>
</tbody>
</table>

NOTE 7. NET ASSETS

Unrestricted

**Board-designated:** The Council allocated a percentage of the membership dues to provide grants to regional councils for specific certification services and grants to support retirement plans in 2011. Accordingly, certain funds have been designated to support these activities through 2012.

Temporarily Restricted

Temporarily restricted net assets were available to support the following program activities as of December 31, 2012 and 2011:

Permanent Restriced

Permanently restricted net assets represent the James H. O’Neal/PepsiCo Foundation/NMSSDC Endowed Scholarship Fund. The income earned will be used to support scholarships for minority business owners who participate in the Advanced Management Education Program. Funds are invested in a seven-year annuity.

The Council’s endowment assets include those assets of Board-designated and donor-restricted funds that it must hold in perpetuity or for donor-specified periods.

The Council’s Board of Directors has interpreted the applicable state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, if any, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in endowment net assets for the years ended December 31, 2012 and 2011 were as follows:

<table>
<thead>
<tr>
<th>Years</th>
<th>Amounts</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>7,148,532</strong></td>
</tr>
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The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while maintaining their purchasing power. Under this policy, as approved by the Board of Directors, investment income earned over a rolling six-year period of time is allocated as follows:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Income</td>
</tr>
<tr>
<td>60%</td>
<td>Expenditure</td>
</tr>
</tbody>
</table>

The Council has designated a portion of the income earned to be used to support specific activities and programs. The Council’s investment income is distributed as follows:

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</table>
Directors, the endowment assets are invested in a manner intended to preserve the assets of donor-restricted funds that the Council must hold in perpetuity, while assuming a low level of investment risk. Therefore, the investment objectives require disciplined and consistent management philosophies to accommodate all those relevant, reasonable, and probable events. Consequently, a periodic review of total rate of return and spending rate objectives is required.

NOTE 8. DEFERRED COMPENSATION PLANS

The Council established a deferred compensation plan under Section 457 of the IRC and a nonqualified deferred compensation plan (the Plans). The nonqualified deferred compensation plan is offered to select executives. The Plans are a vehicle to save for retirement on a tax-efficient basis. Employees may elect to defer compensation (salary/bonus) under the Plans. The Council may, at its discretion, make contributions on a selective basis. The contributions are invested in a trust and are reflected in the accompanying financial statements as a long-term investment. At December 31, 2012 and 2011, the Plans’ balance was $277,023 and $264,989, respectively. The deferred compensation plan had deposits of $21,400; withdrawals of $28,110; and a net gain of $18,745 for the year ended December 31, 2012, and had deposits of $16,500; no withdrawals; and a net gain of $3,687 for the year ended December 31, 2011.

NOTE 9. PENSION PLAN

The Council has a defined contribution pension plan, the National Minority Supplier Development Council, Inc. Retirement Plan and Trust, for which it provides an amount equal to 5% of base salary for eligible, full-time employees. In addition, employees are permitted to make contributions on their own behalf. The pension expense amounted to $161,446 and $136,783 for 2012 and 2011, respectively. The value of the fund was equal to the vested benefits therein at December 31, 2012. There were no liabilities for past service costs.

NOTE 10. IN-KIND CONTRIBUTIONS

In-kind contributions, which are reflected in the accompanying financial statements at fair value at the date of gift, included the following amounts for the years ended December 31:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment on loan–annual conference</td>
<td>17,000</td>
<td>33,050</td>
</tr>
<tr>
<td>Loaned vehicles</td>
<td>3,953</td>
<td>1,250</td>
</tr>
<tr>
<td>Software</td>
<td>1,767,450</td>
<td>5,000</td>
</tr>
<tr>
<td>Technical support services–annual conference</td>
<td>13,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Cell phone services</td>
<td>780</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>2,432</td>
</tr>
<tr>
<td><strong>Total in-kind contributions</strong></td>
<td>$1,802,183</td>
<td>$69,732</td>
</tr>
</tbody>
</table>

NOTE 11. COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Council’s financial statements for the year ended December 31, 2011, from which the summarized information was derived.

NOTE 12. INCOME TAXES

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Council. The financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management analyzed the Council’s tax positions, and it concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Council is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. Management believes the Council is no longer subject to income tax examinations for years prior to 2009.

NOTE 13. RELATED-PARTY TRANSACTIONS

The Council has 36 regional councils across the country. The regional councils certify and match minority-owned businesses with member corporations that want to purchase their products and services. A portion of the national dues collected by Council is allocated to the regional councils based on service points and average local dues. In addition, a percentage of the membership renewal dues are set aside to provide fringe benefits and training program for regional council staff, grants to increase minority business enterprise (MBE) certification, and technology upgrades. The regional council host of the annual conference and business opportunity fair shares in the profits earned from those events. Payments to the regional councils were $6,401,024 and $6,345,237 for the year ended December 31, 2012 and 2011, respectively. Amounts due to the regional councils were $457,196 and $926,909 as of December 31, 2012 and 2011, respectively.

NOTE 14. SUBSEQUENT EVENTS

The Council has evaluated subsequent events through May 10, 2013, which is the date the financial statements were available to be issued, and has determined that there were no subsequent events to be recognized in these financial statements.
The National Minority Supplier Development Council advances business opportunities for certified Asian, Black, Hispanic and Native American business enterprises and connects them to corporate members. One of the country's leading corporate membership organizations, NMSDC was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.