Impacting Society for 14 years by fostering Hispanic leadership through graduate management education and professional development in order to improve society.
Who We Are

**VISION:**
To be the premier Hispanic MBA professional business network for economic and philanthropic advancement

**MISSION:**
.....fostering Hispanic leadership through graduate management education and professional development in order to improve society.

The National Society of Hispanic MBAs was created in 1988 to remedy the lack of Hispanics in the executive suites, boardrooms of corporate America and the public sector. It was also created to reverse their under representation and declining enrollment in graduate business schools. At NSHMBA we want to address the needs of Hispanic professionals and to be a bridge to our communities, corporate world, and other enterprises. The society works to prepare Hispanics for leadership positions throughout the U.S., so that they can provide the cultural awareness and sensitivity vital in the management of the nation's diverse workforce.

NSHMBA was created when a diverse group of Hispanic professionals decided that there was a need and an opportunity to create such an organization. Established as a 501 (c) (3) non-profit organization, NSHMBA is dedicated to its vision and its mission. We offer support to students and provide more scholarship opportunities for deserving and dedicated Latino students. This helps ensure that "a diverse cross section of our communities is economically connected, workplace ready and globally competitive."

**MAJOR GOALS**
1. To increase the enrollment of Hispanics in Graduate Management Programs
2. To assist corporations and other allied business organizations in the recruitment, development, and promotion of Hispanic business professionals
3. To provide career networking opportunities for Hispanic business professionals
4. To promote Hispanic business leadership through professional development

**STRATEGIC OBJECTIVES**
1) Grow total revenue from $2.8 million by 15% annually with a goal of 15% from non-conference revenues.
2) Develop 20 strategic partnerships around professional development, graduate education and career networking by 2005.
3) Increase Hispanic MBA earned degree to 5% from national average of 3.2% by 2006.
4) Develop an organizational structure that makes NSHMBA a world class non-profit that is recognized nationally and internationally by 2008.
5) Increase membership by 13% in ’04, 24% in ’06 and 19% in ’08 to reach 10,000 members by 2008.
2002 Corporate Advisory Board:
AMR Corporation
AOL Time Warner
A.T. Kearney, Inc.
Bank of America
Cap Gemini Ernst & Young
Capital One
Citigroup
Dell Computer
DePaul University
Dr Pepper/Seven Up, Inc.
Ford Motor Company
General Mills
Intel Corporation
Johnson & Johnson
Marsh & McLennan Companies
Microsoft
PepsiCo, Inc.
Philip Morris Companies Inc.
Pitney Bowes
PwC Consulting
Procter & Gamble
Sun Microsystems
United Technologies Corporation
University of Maryland
Verizon Communications
Wachovia Corporation
The Walt Disney Company

AARP
Abbott Laboratories
Accenture
Aglent Technologies, Inc.
Amazon.com
American Airlines
American Express Company
American University, Kogod School of Business
Anderson School at UCLA
AOL Time Warner
APS/Pinnacle West Capital Corporation
ARAMARK Corporation
Arizona State University
Armstrong World Industries
AstraZeneca
AT&T
Aventis Pharmaceuticals
Avnet, Inc.
Bank of America
Bank One Corporation
Bayer Consumer Care
Baylor University
Bear Stearns & Co., Inc.
Best Buy Co., Inc.
Bristol-Myers Squibb Company
Burger King Corporation
C.R. Bard, Inc.
Campbell Soup Company
Cap Gemini Ernst & Young, LLC
Capital One
Carbon MBA Program, U of MN
Carnegie Mellon University
Cendant Corporation
ChevronTexaco Corpora
Chick-fil-A, Inc.
Citrix Corporation
Cisco Systems, Inc.
Citigroup
Citrix Systems, Inc.
Clorox Company, The
Coca-Cola Company, The
Colgate-Palmolive Company
Columbia Business School
Comerica Bank, Texas
ConAgra Foods
Consortium for Graduate Study in Management
Corning Brewing Company
Cornell's Johnson School
Countrywide Home Loans
Cox Communications
Cox School of Business, SMU
Credit Suisse First Boston
CSX Transportation
Daimler Chrysler Corporation
Darden Restaurants Inc.
Dartmouth College, Tuck School of Business
Dell
Deloitte & Touche
Deloitte Consulting: Soon to be Braxton
Delta Air Lines, Inc.
Dial Corporation, The
Dow Chemical Company, The
Dr Pepper/Seven Up & Snapple
Duke Energy
Eastman Kodak Company
eFunds
Eli Lilly and Company
Entrepreneurial Technology
Apprenticeship
Ernst & Young LLP
Exelon Corporation
Exxon Mobil Corporation
Farmers Insurance
Federal Deposit Insurance Corporation
Federal Home Loan Banks System
Federal Reserve Bank of New York, The
Federal Reserve Bank of San Francisco
Federal Reserve Board
FedEx
Fifth Third Bank
Fleet Boston Financial
Ford Motor Company
Fuqua School of Business, Duke University
Gateway, Inc.
GE
Genentech, Inc.
General Mills, Inc.
General Motors
Georgetown MBA
Georgia-Pacific Corp.
Gillette Company, The
GlaxoSmithKline
Goizueta Business School, Emory Univ
Goldman Sachs & Co.
Guidant Corporation
Hallmark Inc.
Harley-Davidson Motor Company
Harvard Business School
Haynes and Boone, LLP
H-E-B Grocery Company
Hewitt Associates LLC
Hitachi Data Systems
Home Depot, The
Honeywell
Household International
HP
Humana
Indiana University, Kelley School of Business
Intel Corporation
Internal Revenue Service
INVECO
JM Family Enterprises, Inc.
John Hopkins University
Johnson & Johnson
Johnson Controls, Inc.
JP Morgan Chase
Kellogg School of Management
Key Corp
Kimberly-Clark Corporation
Lehman Brothers Inc.
Level 3 Communications
Lockheed Martin Corporation
Lucent Technologies
Marathon Oil Company
Mars, Incorporated
Mattel, Inc.
Mayo Clinic
Mays Business School - Texas A&M Univ
MBA Career Service Council
McClure-Hill Companies, The
Medtronic, Inc.
Merrill & Co., Inc.
Merrill Lynch
Michigan State University, MBA Program
Microsoft Corporation
MIT Sloan School of Management
Moody's Investors Service
Morgan Stanley
Motorola
NASA Headquarters
National Council of La Raza
National Marrow Donor Program
NCCI Holdings, Inc.
Nestle USA
New York Life Insurance Company
New York Times Company, The
Northwest Airlines
Nova Southeastern University
Novartis Pharmaceuticals Corporation
Office Depot
Ohio State University, Fisher College
Oracle
Paramount Pictures
Penn State University
Pepsi-Cola - Frito Lay - Tropicana
Pfizer, Inc.
PhD Project
Philip Morris Companies Inc.
Pitney Bowes Inc.
Procter & Gamble
Progressive Insurance
Prudential Financial
Qualcomm
Quest Diagnostics
R.J. Reynolds Tobacco Company
RBC Dain Rauscher
Reynolds & Reynolds
Rice University, Jones Graduate School of Management
Roche
Rollins College - Crummer
Russell Corporation
Ryder System, Inc.
Sallie Mae
Sara Lee Corporation
SC Johnson
Scherer-Blough Corporation
Sears, Roebuck & Co.
Shell Oil Products US and Motiva
Society of Hispanic Professional Engineers, Inc.
Sony Electronics Inc.
Sovereign Bank
Sprint
St. Paul Companies, The
Standard & Poor's
Stanford Graduate School of Business
Starbucks Coffee Company
State Farm Insurance
Sun Microsystems
TAP Pharmaceutical Products Inc.
Target Corporation
TCU - Neeley School of Business
Texas Instruments
Thunderbird, The American Grad School
TIAA - CREF
Toyota Motor Sales, USA, Inc.
Tribune Company
TXU Energy
U.S. Department of State
UBS Warburg
UNC - Chapel Hill, Kenan-Flagler Bus Sch
Unilever
United Technologies Corporation
University of Buffalo
University of California, Berkeley
University of California, Irvine
University of Chicago, Grad Sch of Business
University of Illinois at Urbana-Champaign
University of Miami
University of Michigan Business School
University of Notre Dame
University of St. Thomas
University of Texas at Austin
University of the Incarnate Word
University of Wisconsin - Madison
US Airways
USC Marshall School of Business
Vanderbilt University, Owen GSM
Verizon
Vivendi Universal
Vachovia Corporation
Wal-Mart Stores, Inc.
Wal-Mart Stores, The
Washington Univ in St. Louis - Olin Sch
Watson Wyatt Worldwide
Weatherhead School of Management
Wells Fargo & Co.
Wendy's International
Wharton School, University of Pennsylvania
Whirlpool Corporation
William E Simon Graduate School of Business
Yale School of Management
Dear members, sponsors, educational partners and friends of NSHMBA:

On behalf of the Board of Directors and our entire chapter leadership, I would like to present the 2002 Annual Report. We have made great strides and continue to press onward to achieve more than we ever have. First and most important, thank you to every one of our members, our stakeholders, and our gracious and dedicated core of visionary volunteers. Without you, NSHMBA would never be able to exist at the premier level that we do today.

This is a chance for us to reflect on our accomplishments and areas that need improvement by measuring ourselves against our strategic goals. We can take great pride in knowing that in 2002 our organization accomplished the following:

- Membership increased 38%, growing from 4,273 in 2001 to 5,917 in December of 2002.
- Implemented two new programs, the Professional IQ and Destination MBA to help students and professionals meet their goals.
- 4,619 people attended the conference (500 more than in 2001), once again setting a new conference record.
- Awarded more than 170 scholarships totaling $618,500. This is five times the number we awarded in 1992, the year we first started the scholarship fund.

Hispanics on corporate boards increased by 5.5 percent, a number we influenced by "fostering Hispanic leadership through graduate management education and professional development". We must strive to increase this number even further because the numbers are still too low. We will continue to network, partner with other influential organizations and strive as individual members of NSHMBA to make sure the bar is raised along with the numbers.

The National Society of Hispanic MBAs will move forward, determined to reach our goals, promote our mission and dedicate us to our vision. We have made great improvements, but there is so much more than can be, must be, will be done. Thank you again for your continued support.

Sincerely,

Manny Martinez
Chairman of the National Board of Directors
In 2002 NSHMBA was determined to make an impact.

Membership grew to almost 6,000 members (December 2002’s numbers showed membership at 5,917, up from 4,243 during the same time period in 2001). This growth can be contributed to the increased benefits, increased scholarship opportunities, leadership training, informative Web site, publications, valuable conference experience and the job opportunities made available by the Web site.

The 13th Annual Conference and Career Expo drew a record number of attendees. More than 4,500 students and professionals attended the three-day even in Phoenix, Arizona. Plus, 229 exhibitors attended the conference. We introduced a daily version of the Bottom Line to help disseminate conference updates and important information.

In the year 2002 we also awarded more scholarships than in any year prior to 2002. More than 170 qualified Hispanic students received scholarships that varied in amounts from $2,500 to $15,000. In total we awarded $618,500 in scholarships.

Our Destination MBA was also introduced in 2002. This program offered MBA information, information about the application process, test taking and guidance, along with career assistance. The Destination MBA program also offers valuable reports and articles about various topics that are important to students who are questing after their MBA.

We also launched the Leadership IQ. Seventy-four participants were equipped with research-based, individualized assessment, training, consultation and leadership-action planning to greatly enhance professional development and career advancement.

As one participant expressed, “This was the single greatest investment that I’ve made in my career. I truly have the tools to make a difference with my life and career. This seminar is very useful in developing and fine-tuning leadership skills. Every aspiring Latino professional should participate in a seminar like this, especially in the absence of Latino role models/mentors in today’s corporate environments.”

Our 2002 Individual Campaign was another success. We raised almost $40,000 among our members. This money went towards our scholarship campaign and helped us full fill our mission.

We also conducted our first “Member Satisfaction Survey.” The survey offered valuable insight into what our members wanted and what they needed. This is a valuable tool that we will use yearly to continue to offer our members the best that we can.

In 2003 we will strive to reach bigger and better goals. Overall we are satisfied with our accomplishments for the 2002 year. We’ve done more than any other year. However, there is still more that must be done. As an organization we are committed to doing more, and to improve the numbers that are tragic and low in educational arena and the professional world.
NSH MBA Membership & Leadership

NSH MBA Member Statistics:

Category of Membership Totals as of 12.30.02

Total Membership: 5,917
MBA Student Membership: 3,542
Professional Membership: 1,743
Associate Membership: 484
Undergraduate Student Membership: 148

2002 Chapter Presidents
Zaida Pericas, Atlanta
Patricia Pérez O’Leary, Austin
Israel López, Boston
Ken Santiago, Chicago
Stephanie Leichnam, Dallas/Ft. Worth
Rosaura Aburto McDonough, Denver
Donald Patrick Martínez, Detroit
Joseph Mesquita, Hartford
Juan J. Padrón, Houston
Steve Ramos, Indianapolis
Laura Rivas, Los Angeles
Roberto Macher and Miguel Reyna, Miami
Mark Ponce, Minneapolis-St. Paul
María Icaza, New Orleans
Jesus Maldonado-Reyes, New York
Francisco Avalos, Orange County
Yanina Rosario, Orlando
Cosette Gutiérrez, Phoenix
Benjamín Rodríguez, San Antonio
Chanda Idano, San Diego
Mauricio Alvarado, San Francisco
Bárbara Rivera, San Juan
Sheila Godreau, Tampa Bay
Julian Teixeira, Washington DC

2002 Board of Directors
National Chairman
Manny Martinez - New York
Donna Blancero
Vice Chairperson
Ricardo Rojo
Secretary/Legal & Compliance Officer
Edmund Nonaca
Treasurer/Chief Financial Officer
Miguel Figueroa
Fundraising Chairperson
Martha Salinas
Education Chairperson
Daisy Ortiz-Cirihal
Marketing/Public Relations Chairperson
Nereida (Neddy) Perez
Regional Chairperson, Central Region
Manuel J. Fernandez
Regional Chairperson, Eastern Region
Michael M. Valencia
Regional Chairperson, Western Region
Jaime Ornelas
Chairman Emeritus
Chapters

Membership numbers by chapter (as of 12.30.02)

Atlanta - 337
Austin - 218
Boston - 182
Chicago - 449
Dallas-Ft. Worth - 377
Detroit - 184
Denver - 121
Hartford - 116
Houston - 233
Kansas City - 119
Los Angeles - 327
Minneapolis-St Paul - 94
New York - 507
Orange County - 76
Orlando - 69
Philadelphia - 220
Phoenix - 702
San Antonio - 167
San Diego - 59
San Francisco - 170
San Jose - 110
San Juan P.R. - 35
South Florida - 389
Tampa Bay - 73
Washington DC - 491

Atlanta
February 28 saw the Atlanta Chapter kick off 2002 with “Breaking the Glass Ceiling...A Latino Experience.”. The event drew 100 attendees and was designed to create awareness among Latino professionals about cultural traits that may be hampering their professional growth and/or ingrained Hispanic values that they can exploit to advance in their careers.

Austin/San Antonio
On June 20, 2002, the Austin and San Antonio Chapters of NSHMBA presented the "2nd Annual San Antonio Hispanic Leadership Day." The day was filled with informative, insightful, and useful plenary and general sessions with information from business professors and leaders who study, practice, and live the ideas and concepts presented.

Chicago
On Thursday, May 30, the Chicago Chapter hosted its second event of the 2002 speaker series at Robert Morris College. There were two speakers that night: Ms. Joyce Stearn, Motorola's Vice President and Corporate Director of Global Diversity and Compliance and Mr. Abe Tomás Hughes II, Managing Director at Hughes Girardi Partners and Chairman of the Board of Directors for the Hispanic Alliance for Career Enhancement (HACE). Each spoke about what made them successful and how future leaders may follow in their footsteps.

Dallas-Ft. Worth
On June 11, 2002, the Dallas Chapter of NSHMBA held their general membership meeting at the Abbott Laboratories facility in Irving, Texas. Approximately 50 members were able to attend the meeting along with the ten employees from the Human Resources Department of Abbott. The keynote speakers were William E. Lee, Jr., Site Human Resources Manager and Jorge Artilles, Dallas Site Quality Assurance/Regulatory Affairs Manager.

Detroit
Once again, Cynthia Munoz, Director of JA for the Detroit Chapter put all her energy to get volunteers to participate in the Junior Achievement program at Cesar Chavez Academy. After 8 weeks of teaching "Enterprise in Action," a wonderful ceremony with pizza, pop, medals, and certificates was planned to show the students that NSHMBA-Detroit cares about them. Bernie Steer, International Product Manager at General Motors taught the students how business interacts with the local community and government. The curriculum allows the students to work as "consultants" and make business decisions that impact their customer, community, and government.

Denver
The Entrepreneurship Development Workshop took place in Denver on May 18. Tena Catlett, from Aurora Small Business Development Center (ASBDC), gave a presentation called, "Basics of Starting a Business," which included a range of topics from business and legal requirements to resources available to entrepreneurs to why businesses succeed or fail.

Hartford
On February 13, the chapter was proud to present its Symposium on Mentoring and Networking. This exciting and successful event was held at the Graduate Center of Rensselaer Polytechnic Institute, Hartford, Connecticut. The key sponsor was United Technologies Corporation and the main speaker was Dr. Donna Maria Blancero, Assistant Professor of Human Resource Management and Research Faculty Affiliate, Hispanic Research Center at Arizona State University.

Houston
The chapter hosted its 2002 Kick-off Event on February 28 at one of Houston's most ardent night scenes, Club 511. The posh downtown club set the tone as more than sixty NSHMBA members and newcomers enjoyed networking and learning about the organization.

Kansas City
More than 100 NSHMBA members and friends attended this Leadership Event on May 23. The purpose of this event was to increase awareness of our Chapter-In-Formation and to allow our members and guests the opportunity to enjoy great presentations and networking among Kansas City and St. Louis professionals. The speakers included Dr. Donna Blancero, Ph.D., Mr. Hugo Chaviano, JD, and Mr. Victor Galvis, KCCIF President.

Los Angeles
On May 7, several NSHMBA LA members met in Westwood for the first ever NSHMBA Focus Group. This special focus group was designed to gain direct feedback from participating NSHMBA Los Angeles members. The purpose of the focus group was to discuss topics such as: which previous NSHMBA LA events were most useful, the preferred locations and brainstorming. Several useful ideas were developed that will be used in the future.

Miami
The NSHMBA Miami Chapter and Office Depot joined efforts to hold a fun filled "Networking Event" on August 29, 2002. Approximately 120 professionals and students met at the Gardens Hilton Hotel in Delray Beach. A large number of these attendees came from Office Depot; however, we saw a diversified group of people joining us from large corporations, such as Citicorp, Suntrust, Chase, American Express, Verizon, Nortel and Wholefoods Market. Of course, FAU students were present as well.

Minneapolis-St Paul
Something
NSHMBAs relationship to other organizations:

NSHMBAs is a founding member of the Diversity Pipeline Alliance and has a strategic partnership with the Hispanic Business Association (a group of Hispanic Business Students). The Consortium of Graduate Studies in Management, HACU and the National Council of La Raza are members of NSHMBAs Corporate Advisory Board. Also, the local chapters occasionally partner up with the local chapter of the National Black MBA Association and organizations such as Junior Achievement that help us accomplish our mission.

New York
On July 16, 2002 the New York Chapter hosted a "Career Development Workshop" at The New York Times Company. The workshop was a panel presentation that included experts such as Chairman and CEO of David Gomez and Associates; and Christopher Szabo, Staffing and Diversity Director at The New York Times.

Orange County
On April 23, 2002 Orange County Chapter proudly kicked off the 2002 NSHMBA MBA/Scholarship Forum. The event had over ten Southern California Universities and was well attended by a diverse group of individuals who were eager to learn more about the scholarship program, university programs, and NSHMBA.

Philadephia
Something

Phoenix
With over 40 people in attendance, the Phoenix chapter held its first ever, Corporate Executive Seminar on March 20, 2002 at Arizona State Universitys College of Business. Three former Fortune 500 CEOs were the guest speakers, presenting key considerations middle managers, particularly Hispanic ones, must keep in mind if they want to reach the top posts in Corporate America.

San Francisco
Seventeen NSHMBA leaders from seven Western chapters participated in the Annual Western Regional F2F meeting held this year in San Francisco, California on September 14. Michael Valencia, Western Region Chair, provided the opening remarks and introduced a full Agenda that included a training session on Fundraising provided by Miguel Figueroa, National Fundraising Chair, a review of each chapters progress to date on Goals & Objectives, and a Regional Strategy planning session.

San Jose
On June 6, the San Jose-Silicon Valley CIF held an extremely successful Professional Development session entitled "A Journey to the Top." The event, which attracted 41 attendees, offered multiple sessions and interactive discussions on topics high on the mind of young professionals and recent graduates. In the fist session, Nick Guerrero, a senior manager of Strategic Alliances at CGEY, presented on Mentoring.

San Juan PR.
On April 18, the board members of the NSHMBA-San Juan Chapter were invited by the Young Entrepreneurs Committee of the "Asociación Interamericana de Hombres Empresarios (AIHE)" to attend their annual convention kick-off event.

Tampa Bay
On February 22 chapter representatives represented NSHMBA at the Tampa Bay Hispanic Chamber of Commerce Job Fair and Business Expo. At the Expo they greeted several potential members that expressed their interest in becoming members and in attending our Kickoff Event, which was held on February 26. They also met several media contacts that would help the board in communicating to the Tampa Bay community what NSHMBA has to offer. Our participation on this event marks our first step in partnering with other organizations that have similar interests as NSHMBA.

Washington DC
On April 24, the NSHMBA-DC Chapter held its first executive seminar entitled, "Preparing for Senior Level Positions in the Federal Government." It was co-sponsored by the U.S. Department of Agriculture (USDA) Office of Outreach. The main topic of the seminar was on how to develop strategies that will increase the number of Hispanics in the federal government, particularly at the senior level. Hispanics, the only underrepresented ethnic group on the government payroll, account for 6.6 percent of federal employees, compared to 11.8 percent of the civilian work force. The proportion of Hispanics in the highest-ranking US Senior Executive Service (SES) is 3 percent.
Report of Independent Certified Public Accountants

Board of Directors
National Society of Hispanic MBAs

We have audited the accompanying statements of financial position of the National Society of Hispanic MBAs (the “Society”) as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the National Society of Hispanic MBAs as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP
Houston, Texas
September 22, 2003
National Society of Hispanic MBAs

STATEMENTS OF FINANCIAL POSITION
December 31.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,707,947</td>
<td>$2,267,563</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>38,974</td>
<td>186,478</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,746,921</td>
<td>2,454,041</td>
</tr>
<tr>
<td>INVESTMENTS, at market</td>
<td>239,297</td>
<td>277,621</td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td>230,009</td>
<td>211,888</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(155,253)</td>
<td>(103,318)</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>74,756</td>
<td>108,570</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td>2,940</td>
<td>2,940</td>
</tr>
<tr>
<td>Total assets</td>
<td>$3,063,214</td>
<td>$2,843,172</td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET ASSETS    |          |          |
| CURRENT LIABILITIES           |          |          |
| Accounts payable and accrued liabilities | $ 118,135 | $ 86,644 |
| Deferred revenue              |          | 25,000   |
| Total current liabilities     | 118,135  | 111,644  |
| NET ASSETS                    |          |          |
| Unrestricted net assets       | 2,945,079 | 2,731,528 |
| Total net assets              | $3,063,214 | $2,843,172 |

The accompanying notes are an integral part of these statements.
National Society of Hispanic MBAs

STATEMENTS OF ACTIVITIES
Year ended December 31.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conference</td>
<td>$2,316,879</td>
<td>$2,483,083</td>
</tr>
<tr>
<td>Membership</td>
<td>152,933</td>
<td>130,340</td>
</tr>
<tr>
<td>Contributions</td>
<td>697,295</td>
<td>569,073</td>
</tr>
<tr>
<td>Interest</td>
<td>26,218</td>
<td>64,504</td>
</tr>
<tr>
<td>Other</td>
<td>22,897</td>
<td>54,825</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>3,216,132</td>
<td>3,301,825</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>1,118,814</td>
<td>1,149,084</td>
</tr>
<tr>
<td>Unrealized losses on investments</td>
<td>42,922</td>
<td>25,054</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,840,845</td>
<td>1,739,184</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>3,002,581</td>
<td>2,911,322</td>
</tr>
<tr>
<td>Increase in unrestricted net assets</td>
<td>213,551</td>
<td>390,503</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>$2,945,079</td>
<td>$2,731,528</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$2,945,079</td>
<td>$2,731,528</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
National Society of Hispanic MBAs

STATMENTS OF CASH FLOWS

Year ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$213,551</td>
<td>$390,503</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>52,635</td>
<td>40,336</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>114,050</td>
<td>57,305</td>
</tr>
<tr>
<td>Unrealized losses on investments</td>
<td>42,922</td>
<td>23,054</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in other assets</td>
<td>(5,361)</td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>33,454</td>
<td>(135,582)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>31,491</td>
<td>(178,724)</td>
</tr>
<tr>
<td>(Decrease) increase in deferred revenue</td>
<td>(25,000)</td>
<td>25,000</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>463,105</td>
<td>222,531</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(4,598)</td>
<td>(4,853)</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>(18,121)</td>
<td>(53,811)</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(22,719)</td>
<td>(57,664)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>440,384</td>
<td>164,867</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>2,267,565</td>
<td>2,097,335</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$2,707,947</td>
<td>$2,262,202</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of Operations

The National Society of Hispanic MBAs (the Society) is a not-for-profit corporation organized to promote graduate management education, entrepreneurship and the visibility of Hispanics in executive level management positions and to create a stronger awareness within the business and not-for-profit sectors. The Society’s principal source of revenue is obtained from sponsors at conferences intended to provide scholarships and educational opportunities to the Hispanic community. Membership revenue and corporate contributions provide additional income.

2. Basis of Accounting

The Society prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

3. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increased those net asset classes. Restrictions fulfilled in the same time period in which the contribution is received are reported as unrestricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. The Society reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Society considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. Uninsured Cash Balances

The Society maintains cash and cash equivalent balances at several financial institutions. The balances held in these accounts are secured by the Federal Deposit Insurance Corporation up to $100,000. From time to time, balances in these accounts exceed the federally insured amounts, however, the Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

6. Tax-Exempt Status

The Society has been granted a tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code.

7. Accounts and Pledges Receivable

The Society considers accounts and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. When amounts become uncollectible, they are charged to operations when that determination is made.

8. Fixed Assets

Purchased assets are recorded at cost. Depreciation is computed using an accelerated method over estimated useful lives of the assets ranging from five to seven years.

9. Investments

All investments are measured at fair value in the Statements of Financial Position. Investment income or loss (including realized and change in unrealized gains and losses on investments, interest, and dividends) is included in the Statements of Activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. However, if a restriction is fulfilled in the same time period in which investment income or loss is realized, the Society records the investment income or loss as an increase to unrestricted net assets.
National Society of Hispanic MBAs

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years ended December 31, 2002 and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Donated Material and Service

Donated furniture, equipment and artwork are included in the accompanying financial statements at their estimated fair value at the time of the donation.

The Society recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

11. Concentration of Credit and Market Risk

Financial instruments that potentially expose the Society to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Society has not experienced any losses on its cash equivalents. The Society’s investments do not represent significant concentrations of market riskasmuch as the Society’s investment portfolio is adequately diversified among issuers and industries.

12. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE B – AFFILIATED CHAPTERS

The Society has affiliated chapters in San Francisco, Miami, San Antonio, Chicago, New York, Houston, Los Angeles, Phoenix, Dallas-Ft. Worth, Puerto Rico, Austin, Denver, Orange County, Washington, D.C., Hartford, Detroit, Orlando, Atlanta, Boston, San Diego, Kansas City, Minneapolis-St. Paul, Philadelphia, San Jose, Tampa Bay and Indianapolis, New Orleans and McAllen. Society operations conducted through the chapters are included in these financial statements.
NOTE C – INVESTMENTS

Investment income and loss is allocated to unrestricted, temporarily restricted and permanently restricted net assets based on donor restrictions.

The following table compares the investments’ cost to the aggregate market price as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Aggregate Market</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>$282,218</td>
<td>$239,297</td>
</tr>
</tbody>
</table>

NOTE D – FIXED ASSETS

Fixed assets consist of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Aggregate Market</td>
</tr>
<tr>
<td>Office equipment</td>
<td>$105,632</td>
<td>$87,511</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>20,860</td>
<td>20,860</td>
</tr>
<tr>
<td>Software</td>
<td>103,517</td>
<td>103,517</td>
</tr>
<tr>
<td>(155,953)</td>
<td>(103,318)</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$74,056</td>
<td>$108,520</td>
</tr>
</tbody>
</table>

NOTE E – COMMITMENTS AND CONTINGENCIES

The Society leases space in a building that houses its National office operations. As of December 31, 2002, the future minimum lease payments under noncancellable operating leases through June 2002 were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$43,785</td>
</tr>
<tr>
<td>2004</td>
<td>43,785</td>
</tr>
<tr>
<td>2005</td>
<td>44,028</td>
</tr>
<tr>
<td>2006</td>
<td>44,515</td>
</tr>
<tr>
<td>2007</td>
<td>22,257</td>
</tr>
</tbody>
</table>

Total rent expense for the years ended December 31, 2002 and 2001 was approximately $50,000 and $43,000.
NOTE F – RECLASSIFICATIONS

Certain items have been reclassified in the prior for financial statement presentation purposes. Their reclassification is immaterial to the financial statements as a whole and do not effect the total assets, liabilities or equity of the prior year.