2006

Annual Report

A MESSAGE FROM THE 2006 PRESIDENT

My term as 2006 president of ASIS International was completed on December 31, and I here present the following short summary of accomplishments by the Society during my term of office. These are neither few, nor small, achievements, and, in my opinion, they are the exemplary work of dedicated volunteer leaders and headquarters staff who represent the finest of their field.

◆ In April 2006, the ASIS 5th European Security Conference in Nice, France registered a record attendance of more than 500 representatives from 47 countries. The conference featured 32 high-level educational sessions by international security experts on subjects ranging from supply chain and corporate security, to homeland security and risk management.

◆ In September, the ASIS 52nd Annual Seminar and Exhibits in San Diego drew its largest crowd ever—an unprecedented 22,230 security professionals from around the world and across the industry. More than 150 educational sessions took place and the exhibit hall boasted 950 exhibiting companies.

◆ The Society's Certified Protection Professional® (CPP), Professional Certified Investigator® (PCI), and Physical Security Professional® (PSP) designations were approved under the Support Antiterrorism by Fostering Effective Technology Act of 2002 (the SAFETY Act) from the U.S. Department of Homeland Security.

◆ ASIS was also awarded a SAFETY Act designation for its guidelines program. Additionally, the *Preemployment Background Screening Guideline* and *Information Asset Protection Draft Guideline* were completed and published.

◆ The Society's magazine, *Security Management*, hit the newsstands and is now available in major bookstores.

◆ The Wharton Business School/ASIS Program for Security Executives at the University of Pennsylvania continued to grow. The program covers the core concepts of business to broaden security executives' managerial and strategic perspectives to work more effectively with other organizational leaders and to communicate the bottom-line impact of security decisions.

◆ The ASIS Global Organization and Business Assessment Project (AGOBA) was initiated. AGOBA is studying security at its projected strategic level a decade hence, as well as looking at ASIS internally, to ascertain whether the Society can meet the predicted challenges.

In closing, I look forward to watching ASIS flourish in the years ahead. I am extremely honored to have led the Society at a time of such great growth and achievement. I am also thankful for the many opportunities my position afforded me to travel around the world and meet so many Society members in person—each of them dedicated professionals whose security profession is both significant and appreciated.

JEFF M. SPIVEY, CPP, PSP
ASIS President 2006

ASIS International and Affiliates

Consolidated Statements of Financial Position

December 31,	**2006**	2005
Assets		
Cash and cash equivalents	**$ 883,509**	$ 373,432
Investments, at fair value	**33,851,459**	27,555,792
Accounts receivable, net of allowance for doubtful accounts of $104,000 and $92,000 for 2006 and 2005, respectively	**2,063,531**	1,686,299
Prepaid expenses	**812,977**	590,255
Other assets	**1,002,786**	978,839
Inventory	**385,178**	430,997
Property and equipment, net	**8,132,561**	8,308,187
Total Assets	**$47,132,001**	$39,923,801

Liabilities and Net Assets		
Liabilities		
Accounts payable	**$ 1,268,296**	$ 757,723
Accrued liabilities	**643,796**	543,432
Due to other affiliates	**39,397**	—
Dues, subscriptions, fees, and rents collected in advance	**12,045,576**	9,878,392
Mortgage note payable	**5,231,786**	5,385,723
Post-retirement benefit obligation	**3,457,028**	3,470,906
Total Liabilities	**$22,685,879**	$20,036,176
Net Assets		
Unrestricted	**$23,959,824**	$19,451,237
Temporarily restricted	**114,127**	64,577
Permanently restricted	**372,171**	371,811
Total Net Assets	**$24,446,122**	$19,887,625
Total Liabilities and Net Assets	**$47,132,001**	$39,923,801

The accompanying notes are an integral part of these statements.

ASIS International and Affiliates

Consolidated Statements of Activities and Changes in Net Assets

December 31,	**2006**	2005
Changes in Unrestricted Net Assets		
Revenues		
Membership and general society	**$ 3,594,064**	$ 3,515,044
Publishing	**5,734,886**	6,194,965
Seminar	**15,053,300**	13,176,513
Education	**2,043,715**	2,270,958
Certification program	**361,270**	450,975
Publications and merchandise sales	**1,444,178**	1,603,736
Rental operations, net	**97,355**	47,400
Donations by:		
Chapters	**19,831**	27,285
Companies	**305,488**	184,958
Individuals	**53,437**	48,494
Scholarships	**35,625**	29,817
Foundation Dinner	**63,599**	67,056
Charity golf	**37,674**	39,810
Special event	**3,755**	—
Investment income	**1,718,102**	1,388,667
Satisfaction of program restrictions	**500**	4,810
Total Revenues	**$30,566,779**	$29,050,488
Expenses		
Program services:		
Publishing	**$ 6,485,144**	6,884,482
Seminar	**7,711,386**	6,546,304
Education	**2,745,886**	2,685,287
Certification program	**1,733,903**	1,521,876
Publications and merchandise sales	**1,474,506**	1,253,094
Awards and scholarships	**55,000**	107,685
Foundation Dinner	**79,161**	185,955
Charity golf	**33,136**	33,078
Support services:		
Membership and general	**7,169,918**	6,794,776
Fundraising	**148,140**	146,110
Total Expenses	**$27,636,180**	$26,158,647
Increase in Net Assets Before Unrealized Gain (Loss) on Investments	**2,930,599**	2,891,841
Unrealized gain (loss) on investments	**1,577,988**	(138,067)
Change in Unrestricted Net Assets	**$ 4,508,587**	$ 2,753,774

The accompanying notes are an integral part of these statements.

ASIS International and Affiliates

Consolidated Statements of Activities and Changes in Net Assets—Continued

December 31,	2006	2005
Changes in Temporarily Restricted Net Assets		
Revenue		
Investment income	**$ 19,666**	$ 19,044
Satisfaction of program restrictions	**(500)**	(4,810)
Increase in Net Assets Before Unrealized Gain (Loss) on Investments	**19,166**	14,234
Unrealized gain (loss) on investments	**30,384**	(18,480)
Change in Temporarily Restricted Net Assets	**$ 49,550**	$ (4,246)
Change in Permanently Restricted Net Assets		
Revenue		
Donations by:		
Chapters	**$ —**	$ 10,000
Companies	**—**	935
Individuals	**360**	710
Other revenue	**—**	57,429
Change in Permanently Restricted Net Assets	**360**	69,074
Change in Net Assets	**4,558,497**	2,818,602
Net Assets, beginning of year	**19,887,625**	17,069,023
Net Assets, end of year	**$24,446,122**	$19,887,625

The accompanying notes are an integral part of these statements.

ASIS International and Affiliates

Consolidated Statements of Cash Flows

Year ended December 31,	**2006**	2005
(Decrease) Increase in Cash		
Cash Flows from Operating Activities		
Change in net assets	**$4,558,497**	$2,818,602
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	**482,802**	539,754
(Funded) Unfunded post-retirement benefits expense	**(13,878)**	390,736
Realized (gain) on investments	**(806,455)**	(908,168)
Unrealized (gain) loss on investments	**(1,608,372)**	156,547
Changes in assets and liabilities:		
Account receivable	**(377,232)**	(321,612)
Inventory	**45,819**	(19,893)
Other assets	**(23,947)**	64,285
Prepaid assets	**(222,722)**	109,122
Accounts payable	**510,573**	(138,022)
Accrued liabilities	**100,364**	35,151
Due to other affliates	**39,397**	—
Dues, subscriptions, fees, and rents collected in advance	**2,167,184**	1,094,089
Net Cash Provided by Operating Activities	**$4,852,030**	$3,820,591
Cash Flows from Investing Activities		
Capital expenditures for property and equipment	**$ (307,176)**	(330,090)
Proceeds from sale of investments	**4,026,739**	3,049,680
Purchases of investments	**(7,907,579)**	(6,431,711)
Net Cash Used in Investing Activities	**(4,188,016)**	(3,712,121)
Cash Flows from Financing Activities		
Principal payments under mortgage note	**(153,937)**	(142,153)
Net (Decrease) Increase in Cash	**510,077**	(33,683)
Cash and Cash Equivalents, beginning of year	**373,432**	407,115
Cash and Cash Equivalents, end of year	**$ 883,509**	$ 373,432

The accompanying notes are an integral part of these statements.

ASIS International and Affiliates

Notes to Consolidated Financial Statements

December 31, 2006 and 2005

Note A—Summary of Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of ASIS International (International) and its affiliates, ASIS Foundation, Inc. (the Foundation) and ASIS Political Action Committee (PAC). A summary of significant accounting policies applied in the preparation of the consolidated financial statements follows.

Organization Status

International is a not-for-profit organization, which disseminates information and educational materials to enhance security knowledge, practice, and performance. The major sources of revenue are from education fees, exhibit fees, communications advertising, membership dues and fees, and investment income. International publishes a monthly magazine, *Security Management*, in which it sells advertising space for security industry items. Members are charged dues for the benefits received from International.

The Foundation operates as a nonprofit research and educational organization. It undertakes programs and projects for advancement of professional standards and effective programs in the field of security protection and loss prevention. The Foundation's primary services are to provide scholarships for students and security management professionals and to encourage research on behalf of the security industry. The Foundation's major sources of support are charitable donations and contributions, an annual fundraising dinner, and donated services and facilities.

During 2005, the PAC was formed as a voluntary unincorporated nonprofit committee to raise election campaign funds and encourage support of issues related to the security industry. The PAC activity is included in the cash and donations by individual balances of International in the consolidating schedule of financial position and consolidating statement of activities and changes in net assets for the years ended December 31, 2006 and 2005. In 2006 and 2005, the total donations collected were $5,550 and $3,425 and the total donations disbursed were $3,500 and $0 respectively.

Principles of Consolidation

The financial statements of International, the Foundation, and the PAC (collectively, ASIS) have been consolidated in accordance with accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

ASIS generally considers all highly liquid temporary investments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Following the provisions of Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, ASIS's policy is to record all investments in equity securities with readily determinable fair values, and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statement of activities. Purchases and sales of investments are recorded on the trade date. Unrealized gains and losses on investments are considered to be nonoperating income.

Other Assets

Other assets include the rights related to the *Buyer's Guide* and *Protection of Assets Manual.* The rights were recorded at cost and are being amortized over 10 years under the straight-line method. Amortization expense for 2006 and 2005 was approximately $150,000 and $115,000 respectively.

Inventory

Inventories consisting of goods held for resale are valued at the lower of cost or market, using the weighted average method. This represents a change from the previous first-in, first-out method. ASIS believes the change in methodology will result in a more accurate valuation of its inventory.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are calculated under the straight-line method to recover the cost of the property over the following useful lives:

Building	39 years
Office furniture and equipment	3-10 years
Computer software	3 years
Computer hardware	3 years
Leasehold improvements	Remaining term of lease

ASIS capitalizes all capital asset purchases greater than $1,000.

Deferred Revenue

Deferred revenue consists of cash received in advance of the service period for rent, membership dues, subscriptions, education programs, and seminar exhibit booth registration.

Net Assets

ASIS's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with restrictions placed on available resources. As such, resources are classified for accounting and reporting into funds established according to their nature and purpose. Funds that have similar characteristics have been consolidated in the financial statements into three net asset categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets—are not restricted by donors, or the donor-imposed restrictions have expired.

Temporarily restricted net assets—represent the unexpended portion of contributions containing donor-imposed restrictions that only permit ASIS to use or expend the assets as specified by the donor. The restrictions are satisfied by the actions of ASIS or time.

Note A—Summary of Significant Accounting Policies—Continued

Net Assets—Continued

Permanently restricted net assets—represent contributions containing donor-imposed restrictions that stipulate the resources be maintained in perpetuity, but permit ASIS to use or expend part of the income derived from the donated assets.

Contributions are considered available for unrestricted use by ASIS unless specifically restricted by the donor. Amounts received that are designated for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. If a restriction is fulfilled in the same period in which the contribution is received, ASIS reports the support as unrestricted.

Income Tax Status

International is an organization exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code (IRC). Qualified organizations as defined in this section are taxable only on unrelated business income.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC.

The PAC is generally exempted from federal income taxes under Section 527 of the IRC except for taxes paid on investment income.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain 2005 amounts included in the 2006 consolidated financial statements have been reclassified to conform to the current year presentation.

Note B—Investments

Realized gains are computed as the difference between cash received upon the sale of investments and the historical cost of the investments.

Investments are carried at market value. Components of investments are as follows at December 31:

	2006		2005	
	Cost	**Market**	Cost	Market
International				
Money funds	**$ 27,032**	**$ 27,032**	$ 42,551	$ 42,551
Mutual funds	**30,652,424**	**30,957,305**	26,149,239	25,059,607
Common stock	**1,657,146**	**2,179,105**	1,539,542	1,909,588
	$32,336,602	**$33,163,442**	$27,731,332	$27,011,746
Foundation				
Mutual funds	**596,581**	**688,017**	561,555	544,046
Total Investment portfolio	**$32,933,183**	**$33,851,459**	$28,292,887	$27,555,792

Composition of ASIS's investment income is as follows for the years ended December 31:

2006	International	Foundation	Total
Realized gain	**$ 798,732**	$ 7,723	$ 806,455
Interest and dividends	**901,464**	29,849	931,313
Investment income	**1,700,196**	37,572	1,737,768
Unrealized gain	**(1,549,426)**	58,946	1,608,372
	$3,249,622	$ 96,518	$3,346,140

2005	International	Foundation	Total
Realized gain	**$ 886,586**	$ 21,582	$ 908,168
Interest and dividends	**485,706**	13,837	499,543
Investment income	**1,372,292**	35,419	1,407,711
Unrealized loss	**(123,755)**	(32,792)	(156,547)
	$1,248,537	$ 2,627	$1,251,164

Note C—Related Parties

The Board members of the Foundation are appointed by the president of International. Approximately 60 percent of the Foundation's support was provided by International in the form of donated services in 2006 and 2005, respectively.

International currently pays the salaries and benefits of the employees of the Foundation. In 2006 and 2005, these payments totaled $207,994 and $174,852, respectively.

Effective January 1, 1993, International agreed to pay all the indirect overhead expenses of the Foundation. In 2006 and 2005, the proportionate share of rent and overhead expenses paid by International on behalf of the Foundation was $308,201 and $260,609, respectively.

International also contributed $50,000 for the Foundation Dinner during 2005.

ASIS formed the Alliance for Enterprise Security Risk Management (AESRM) with two other associations during the year for the purpose of addressing issues surrounding the convergence of physical (traditional) and logical (IT) security. As of December 31, 2006, ASIS owed approximately $39,000 to the alliance.

Note D—Property and Equipment

Property and equipment are recorded at acquisition cost and consists of the following:

	2006	2005
Building	**$ 7,398,950**	$ 7,398,950
Office furniture and equipment	**1,535,297**	1,427,340
Computer software	**923,966**	769,440
Computer hardware	**1,201,259**	1,156,566
Land	**1,599,086**	1,599,086
Leasehold improvements	**823,378**	823,378
	$13,481,936	$13,174,760
Less: accumulated depreciation and amortization	**(5,349,375)**	(4,866,573)
	$ 8,132,561	$ 8,308,187

Note E—Mortgage Note Payable

Mortgage note payable consists of the following at December 31:

	2005	2004
Mortgage note payable in monthly installments of $48,197 and a balloon payment of $5,060,922; due January 1, 2008; interest at a fixed rate of 7.99%; secured by first deed of trust on the Alexandria, Virginia, property, furniture, fixtures, and property attached to the building, and leases relating to the building.	**$5,231,786**	$5,385,723

Maturities of mortgage note payable consist of the following as of December 31, 2005:

Year ending December 31,	
2007	$ 166,696
2008	5,065,090
Total	$5,231,786

Note F—Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	Net Assets at January 1, 2006	Revenue	Satisfaction of Program Restrictions	Net Assets at December 31, 2006
Nicholas Abbaticola Endowment	$ 905	$ 1,846	$ —	$ 2,751
Marion Parker Scholarship Fund	2,528	1,143	—	3,671
Healy Endowment	2,865	864	—	3,729
Interest for scholarships				
John Buckley Endowment	36,161	14,350	—	50,511
Interest for scholarships or research projects				
John Manning Endowment	7,350	17,749	—	25,099
Interest for scholarships				
Noggle Fund	10,915	5,805	—	16,720
Ralph E. Pusey Scholarship Fund	1,154	1,336	(500)	1,990
September 11th Memorial Fund	2,699	5,085	—	7,784
E. J. Criscuoli Endowment	—	1,872	—	1,872
	$64,577	$50,050	$(500)	$114,127

	Net Assets at January 1, 2005	Revenue	Satisfaction of Program Restrictions	Net Assets at December 31, 2005
Nicholas Abbaticola Endowment	$ 883	$ 22	$ —	$ 905
Marion Parker Scholarship Fund	3,014	14	(500)	2,528
Healy Endowment	4,850	15	(2,000)	2,865
Interest for scholarships				
John Buckley Endowment	37,544	177	(1,560)	36,161
Interest for scholarships or research projects				
John Manning Endowment	7,901	199	(750)	7,350
Interest for scholarships				
Noggle Fund	10,845	70	—	10,915
Ralph E. Pusey Scholarship Fund	1,138	16	—	1,154
September 11th Memorial Fund	2,648	51	—	2,699
	$68,823	$564	$(4,810)	$64,577

Note G—Permanently Restricted Net Assets

Permanently restricted net assets represent the principal amount of gifts and bequests accepted with the donor stipulation that the principal be maintained intact in perpetuity with only the income to be utilized. Income earned is recorded as temporarily restricted revenue until spent.

The permanently restricted net assets are limited to investments in perpetuity, the income for which is expendable to support scholarships.

	Balance at January 1, 2006	Additions	Balance at December 31, 2006
Nicholas Abbaticola Endowment	$ 14,615	$ —	$ 14,615
Marion Parker Endowment	7,075	—	7,075
Healy Endowment	2,000	—	2,000
John Buckley Endowment	44,687	—	44,687
John Manning Endowment	141,900	—	141,900
Noggle Endowment	37,900	—	37,900
General Endowment	23,491	—	23,491
Pusey Endowment	10,085	—	10,085
September 11th Endowment	40,058	360	40,418
E. J. Criscuoli Endowment	50,000	—	50,000
	$371,811	$360	$372,171

Note G—Permanently Restricted Net Assets—Continued

	Balance at January 1, 2005	Additions	Balance at December 31, 2005
Nicholas Abbaticola Endowment	$ 14,615	$ —	$ 14,615
Marion Parker Endowment	7,075	—	7,075
Healy Endowment	2,000	—	2,000
John Buckley Endowment	44,687	—	44,687
John Manning Endowment	130,255	11,645	141,900
Noggle Endowment	37,900	—	37,900
General Endowment	23,491	—	23,491
Pusey Endowment	10,000	85	10,085
September 11th Endowment	32,714	7,344	40,058
E. J. Criscuoli Endowment	—	50,000	50,000
	$302,737	$69,074	$371,811

Note H—Dues Income Allocation

International allocates a percentage of income from membership dues (net of processing fee) to the Publishing Department. The percentage of membership dues allocated was 32 percent for 2006 and 2005, and is included in publishing revenue.

Note I—Employee Benefits

Pension Plans

ASIS has a noncontributory, defined contribution, money purchase pension plan covering employees who are at least 21 years of age and who have one full year of service. ASIS is required to contribute 12 percent of all eligible employees' annual compensation based upon the prior-year salary, and the plan is fully funded through the purchase of a group annuity contract. The contributions for the years ended December 31, 2006 and 2005, were $516,378 and $506,003, respectively.

ASIS has a qualified profit-sharing plan under Section 401(k) of the IRC, covering employees with one year of service. Under this plan, the eligible employees may voluntarily elect to have any amount of their compensation deferred and contributed to the plan, up to the IRC maximum for the year. Additionally, ASIS is required to contribute 2 percent of the compensation of all the eligible employees, and will match the employees' voluntary contributions up to an additional 4 percent. The total contributions for the years ended December 31, 2006 and 2005, were $178,221 and $177,009, respectively.

Health Plan

ASIS is partially self-insured for medical coverage for its employees, utilizing stop-loss policies to limit its exposure.

Post-retirement Benefit Plan

International has a defined benefit post-retirement plan that provides medical, prescription, vision, and dental benefits for retirees and eligible dependents (see Note K for additional discussion).

Note J—Commitments and Contingencies

Rental Operations

Beginning in January 1998, International signed operating lease agreements for its headquarters building. The agreements expire at varying times over the next seven years. Future rental receipts expected under noncancelable operating leases are as follows at December 31, 2006:

Year ending December 31,	Rental Income
2007	$314,837
2008	183,647
2009	176,989
2010	112,838
2011	9,685
	$797,996

Rental operations consist of the following for the years ended December 31:

	2006	2005
Gross rent	$344,665	$318,238
Building operating expenses attributable to rental activities	(247,310)	(270,838)
	$ 97,355	$ 47,400

International leases office equipment for its Alexandria office. Future minimum rental payments under all non-cancelable operating leases as of December 31, 2006, are as follows:

2007	49,410
2008	49,410
2009	24,705
	$123,525

Note K—Post-Retirement Benefit Obligation

International has a defined benefit post-retirement plan that provides medical, prescription, vision, and dental benefits for retirees and eligible dependents. International does not fund retiree health care benefits in advance and has the right to modify the plan in the future. International has established plan cost maximums to account for and control future medical costs more effectively. The costs of such benefits, which are primarily for health care, are recognized in the financial statements during the employee's active working career. International makes contributions to the plan when payments are required:

	2006	2005
Benefit obligation at December 31	**$3,727,175**	$3,635,941
Accrued post-retirement medical benefit cost recognized in statement of financial position	**$3,457,028**	$3,470,906

	2006	2005
(Prepayment) benefit cost	**(13,878)**	$390,736
Employer contribution	**$61,046**	$ 48,579
Benefits paid	**$61,046**	$ 48,579

The following benefits payments, which reflect expected future service, as appropriate, are expected to be paid:

	Post-retirement Benefits
2007	$ 85,118
2008	105,761
2009	106,864
2010	141,481
2011	155,325
2012-2016	1,572,704
	$2,167,253

The measurement dates for determining the actuarial calculations for the plan is January 1, 2006.

International determines its assumptions based on historical SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than the Pensions*, claims costs, combined with plan experience, plan provisions, and trends. Assumptions used in accounting for the plan were as follows at December 31:

	2006	2005
Discount rate	**5.5%**	6.0%
Assumed medical trend rate		
Pre-Medicare	**10.0%**	11.5%
Post-Medicare	**8.0**	9.0%
Ultimate medical cost trend rate	**5.0%**	4.5%

The FASB recently issued Statement 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, an amendment of FASB Statements No. 87, 88, 106, and 132(R), which requires employers to recognize the funded status of the plan in the statement of financial position. The change is to take effect for fiscal years ending after June 15, 2007.

The Statement also removes the existing option to use a plan measurement date that is up to 90 days prior to the date of the statement of financial position. Statement 158 offers two alternate transition methods for making the measurement date change:

- remeasurement as of the beginning of the year of adoption or
- measurement at the end of the year of adoption

The effective date for the measurement date provision is for fiscal years ending after December 15, 2008.

Note L—Supplemental Cash Flow Disclosures

The following amounts were paid for interest and income taxes for the years ended December 31:

	2006	2005
Interest	**320,393**	$323,399
Income taxes	**$ —**	$ —

Report of Independent Certified Public Accountants

Board of Directors
ASIS International and Affiliates

We have audited the accompanying consolidated statements of financial position of ASIS International and its Affiliates (ASIS) as of December 31, 2006 and 2005, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of ASIS's management. Our responsibility is to express an opinion on these consolidated 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 American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits 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 ASIS'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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ASIS International and its Affiliates as of December 31, 2006 and 2005, and the results of its operations 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

McLean, Virginia
May 3, 2007