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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/06 AND ENDING 12/31/06 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

FIRST Island Capital Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box)

8843 SE 77th Place

MERCER Island

(City)

WA

(State)

98040

(Zip Code)

SECURITIES AND EXCHANGE COMMISSION RECEIVED APR 17 2007 BRANCH OF REGISTRATIONS AND EXAMINATIONS 03

OFFICIAL USE ONLY FIRM ID. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

KENNETH C. WANG, CPA

425-576-8450

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KCW Accountancy Corporation

(Name - if individual, state last, first, middle name)

10711 124th AVENUE NE Kirkland, WA. 98033

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- [x] Certified Public Accountant
[] Public Accountant
[] Accountant not resident in United States or any of its possessions.

PROCESSED

MAY 24 2007

FOR OFFICIAL USE ONLY THOMSON FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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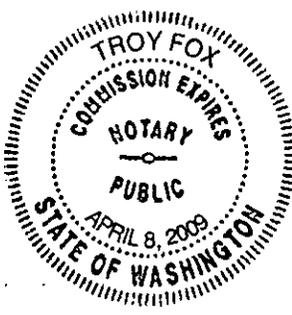
OATH OR AFFIRMATION

I, THOMAS R. ULIE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FIRST ISLAND CAPITAL INC., as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Thomas R. Ulie
Signature

CEO
Title

[Signature]
Notary Public



This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

First Island Capital, Inc.

Schedule I

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

December 31, 2006

Shareholder's equity represented by independent auditor	\$ 176,051
Less non-allowable assets:	<u>13,567</u>
Computation of net capital	\$ <u>162,484</u>
Basic net capital requirement:	
Net capital as above	\$ 162,484
Minimum net capital required (\$5,000 for brokers who do not Generally carry customer's accounts)	<u>5,000</u>
Excess net capital before haircuts on other securities	157,484
Less, haircuts on other securities	<u>(540)</u>
Excess net capital	<u>\$156,944</u>

First Island Capital, Inc.

Schedule II

**RECONCILIATION OF COMPUTATION OF NET CAPITAL
PURSUANT TO RULE 17A-5(d)(4) and 15c3-1**

December 31, 2006

Net capital as reported by the Company Focus Report Part IIA	\$ 162,457
Independent auditor's adjustments:	
Increase in prepaid expense	1,000
Increase in income tax payable	<u>(1,513)</u>
Net capital after adjustments	161,944
Add haircuts on other securities taken	<u>540</u>
Reconciled net capital	<u>\$ 162,484</u>

END