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Washington, D.C. 20549

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OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden	hours per response.....12.00



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

SEC FILE NUMBER
B- 67191

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 01/01/2006 AND ENDING 12/31/2006  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FIRST ASSET FINANCIAL INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

110 E. IRON AVE

(No. and Street)

SALINA

(City)

KANSAS

(State)

67401

(Zip Code)

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

ROBERT HAMMAN

785-825-5050

(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

BENSON ACCOUNTING, CPA, PA

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

120 E. IRON AVE.

(Address)

SALINA

(City)

KANSAS

(State)

67401

(Zip Code)

**PROCESSED**

CHECK ONE:

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

3 MAR 08 2007  
THOMSON FINANCIAL

<b>FOR OFFICIAL USE ONLY</b>

\*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)

*Handwritten signature and date: 3/7/07*

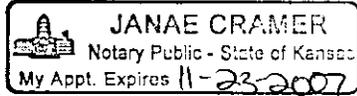
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SEC 1410 (06-02)

See auditors' report & accompanying notes.

OATH OR AFFIRMATION

I, ROBERT HAMMAN, 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 ASSET FINANCIAL INC., as of DECEMBER 31,, 20 06, 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:



Robert J. Hamman  
Robert J. Hamman  
Signature

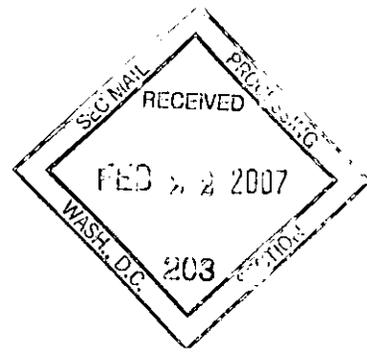
VICE PRESIDENT  
Title

Janae Cramer  
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 Proprietors' 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).



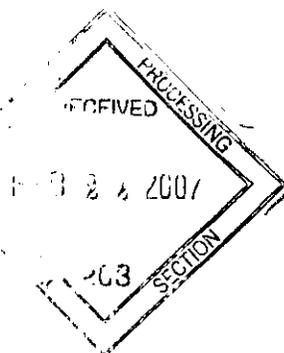
**FIRST ASSET FINANCIAL INC.**  
Financial Statements  
And  
Independent Auditors' Report

**December 31, 2006**

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**BENSON ACCOUNTING, CPA, PA**  
JOEL BENSON, CPA MARY BENSON, CPA  
120 E. IRON AVE.  
SALINA, KS 67401  
PH: 785-827-3157 FAX: 785-827-3159



Independent Auditors' Report

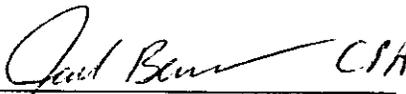
To the Board of Directors and Stockholders of  
**FIRST ASSET FINANCIAL INC.**

We have audited the accompanying statement of financial condition of **First Asset Financial Inc.** (a Kansas "S" corporation) as of December 31, 2006, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 **First Asset Financial Inc.** as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BENSON ACCOUNTING, CPA, PA

By:  CPA  
Joel Benson, CPA

February 16, 2007  
Salina, KS

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response: 12.00

Form  
X-17A-5

**FOCUS REPORT**  
(Financial and Operational Combined Uniform Single Report)  
**PART IIA** 12

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a)  16

2) Rule 17a-5(b)  17

3) Rule 17a-11  18

4) Special request by designated examining authority  19

5) Other  26

NAME OF BROKER-DEALER

FIRST ASSET FINANCIAL INC.  13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

110 E. IRON AVE  20

(No. and Street)

SALINA  21

(City)

KANSAS  22

(State)

67401  23

(Zip Code)

SEC FILE NO.

8-67191  14

FIRM I.D. NO.

139107  15

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/2006  24

AND ENDING (MM/DD/YY)

12/31/2006  25

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

(Area Code) — Telephone No.

ROBERT HAMMAN  30

785 825 5050  31

OFFICIAL USE

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

32

33

34

35

36

37

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 21<sup>st</sup> day of February 2007

Manual signatures of:

1) David R. Zampieri  
Principal Executive Officer or Managing Partner

2) Robert J. Hamman  
Principal Financial Officer or Partner

3) \_\_\_\_\_  
Principal Operations Officer or Partner

**ATTENTION** — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

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SEC 1696 (02-03) 1 of 16

See auditors' report & accompanying notes.

**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

**BENSON ACCOUNTING, CPA, PA**

70

ADDRESS

**120 E. IRON AVE**

71

**SALINA**

72

**KANSAS**

73

**67401**

74

Number and Street

City

State

Zip Code

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States  
or any of its possessions

77

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DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

See auditors' report & accompanying notes

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

FIRST ASSET FINANCIAL INC.

N3

100

## STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/06 99  
 SEC FILE NO. 8-67191 98  
 Consolidated  198  
 Unconsolidated  199

	Allowable	Non-Allowable	Total
1. Cash .....	\$ 60,915 <span style="border: 1px solid black; padding: 2px;">200</span>		\$ 60,915 <span style="border: 1px solid black;">750</span>
2. Receivables from brokers or dealers:			
A. Clearance account .....	\$ 10,000 <span style="border: 1px solid black;">295</span>		
B. Other .....	67,899 <span style="border: 1px solid black;">300</span>	\$ 550 <span style="border: 1px solid black;">810</span>	77,899 <span style="border: 1px solid black;">810</span>
3. Receivable from non-customers .....	39,399 <span style="border: 1px solid black;">355</span>	600 <span style="border: 1px solid black;">830</span>	39,399 <span style="border: 1px solid black;">830</span>
4. Securities and spot commodities owned at market value:			
A. Exempted securities .....	<span style="border: 1px solid black;">418</span>		
B. Debt securities .....	<span style="border: 1px solid black;">419</span>		
C. Options .....	<span style="border: 1px solid black;">420</span>		
D. Other securities .....	279 <span style="border: 1px solid black;">424</span>		
E. Spot commodities .....	<span style="border: 1px solid black;">430</span>		279 <span style="border: 1px solid black;">850</span>
5. Securities and/or other investments not readily marketable:			
A. At cost, \$ <span style="border: 1px solid black;">130</span>			
B. At estimated fair value .....	<span style="border: 1px solid black;">440</span>	<span style="border: 1px solid black;">610</span>	<span style="border: 1px solid black;">860</span>
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			
A. Exempted securities \$ <span style="border: 1px solid black;">150</span>			
B. Other securities \$ <span style="border: 1px solid black;">160</span>	<span style="border: 1px solid black;">460</span>	<span style="border: 1px solid black;">630</span>	<span style="border: 1px solid black;">880</span>
7. Secured demand notes:			
Market value of collateral:			
A. Exempted securities \$ <span style="border: 1px solid black;">170</span>			
B. Other securities \$ <span style="border: 1px solid black;">180</span>	<span style="border: 1px solid black;">470</span>	<span style="border: 1px solid black;">640</span>	<span style="border: 1px solid black;">890</span>
8. Memberships in exchanges:			
A. Owned, at market \$ <span style="border: 1px solid black;">190</span>			
B. Owned, at cost .....		<span style="border: 1px solid black;">650</span>	
C. Contributed for use of the company, at market value .....		<span style="border: 1px solid black;">660</span>	<span style="border: 1px solid black;">900</span>
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships .....	<span style="border: 1px solid black;">480</span>	<span style="border: 1px solid black;">670</span>	<span style="border: 1px solid black;">910</span>
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization .....	<span style="border: 1px solid black;">490</span>	<span style="border: 1px solid black;">680</span>	<span style="border: 1px solid black;">920</span>
11. Other assets .....	1 <span style="border: 1px solid black;">535</span>	<span style="border: 1px solid black;">735</span>	1 <span style="border: 1px solid black;">930</span>
12. TOTAL ASSETS .....	\$ 178,493 <span style="border: 1px solid black;">540</span>	\$ 740 <span style="border: 1px solid black;">940</span>	\$ 178,493 <span style="border: 1px solid black;">940</span>

OMIT PENNIES

See auditors' report & accompanying notes.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **FIRST ASSET FINANCIAL INC.**

as of 12/31/2006

### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

#### LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable .....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	279 1115	1305	279 1540
15. Payable to non-customers .....	70,140 1155	1355	70,140 1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	1205	1385	1685
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211	1390	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings: .....		1400	1710
1. from outsiders \$ 970			
2. includes equity subordination (15c3-1(d)) of ... \$ 980			
B. Securities borrowings, at market value from outsiders \$ 990		1410	1720
C. Pursuant to secured demand note collateral agreements .....		1420	1730
1. from outsiders \$ 1000			
2. includes equity subordination (15c3-1(d)) of ... \$ 1010			
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 70,419 1230	\$ 1450	\$ 70,419 1760
<b>Ownership Equity</b>			
21. Sole Proprietorship .....			1770
22. Partnership (limited partners) .....	1020		1780
23. Corporation:			
A. Preferred stock .....			1791
B. Common stock .....			10,000 1792
C. Additional paid-in capital .....			45,000 1793
D. Retained earnings .....			53,074 1794
E. Total .....			108,074 1795
F. Less capital stock in treasury .....			1796
24. TOTAL OWNERSHIP EQUITY .....			\$ 108,074 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....			\$ 178,493 1810

OMIT PENNIES

See auditors' report & accompanying notes.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **FIRST ASSET FINANCIAL INC.**

For the period (MMDDYY) from 12 01 01 06 <sup>3932</sup> to 12 31 06 <sup>3933</sup>  
 Number of months included in this statement 12 <sup>3931</sup>

### STATEMENT OF INCOME (LOSS)

#### REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$ <u>4,671</u>	<u>3935</u>	
b. Commissions on listed option transactions .....	\$ <u>2,207</u>	<u>3938</u>	
c. All other securities commissions .....	<u>114,750</u>	<u>3939</u>	
d. Total securities commissions .....	<u>121,628</u>	<u>3940</u>	
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange .....			<u>3945</u>
b. From all other trading .....			<u>3949</u>
c. Total gain (loss) .....			<u>3950</u>
3. Gains or losses on firm securities investment accounts .....			<u>3952</u>
4. Profit (loss) from underwriting and selling groups .....	\$ <u>18,335</u>	<u>3955</u>	
5. Revenue from sale of investment company shares .....	<u>242,895</u>	<u>3970</u>	
6. Commodities revenue .....			<u>3990</u>
7. Fees for account supervision, investment advisory and administrative services .....	<u>5,420</u>	<u>3975</u>	
8. Other revenue .....	<u>48,115</u>	<u>3995</u>	
9. Total revenue .....	\$ <u>436,393</u>	<u>4030</u>	

#### EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers .....			
	<u>12,000</u>	<u>4120</u>	
11. Other employee compensation and benefits .....	<u>8,449</u>	<u>4115</u>	
12. Commissions paid to other broker-dealers .....			<u>4140</u>
13. Interest expense .....			<u>4075</u>
a. Includes interest on accounts subject to subordination agreements .....	<u>4070</u>		
14. Regulatory fees and expenses .....	<u>25,712</u>	<u>4195</u>	
15. Other expenses .....	<u>313,036</u>	<u>4100</u>	
16. Total expenses .....	\$ <u>359,197</u>	<u>4200</u>	

#### NET INCOME

17. Income (loss) before Federal income taxes and items below (Item 9 less Item 16) .....			
	\$ <u>77,196</u>	<u>4210</u>	
18. Provision for Federal income taxes (for parent only) .....			<u>4220</u>
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			<u>4222</u>
a. After Federal income taxes of .....	<u>4338</u>		
20. Extraordinary gains (losses) .....			<u>4224</u>
a. After Federal income taxes of .....	<u>4239</u>		
21. Cumulative effect of changes in accounting principles .....			<u>4225</u>
22. Net income (loss) after Federal income taxes and extraordinary items .....	\$ <u>77,196</u>	<u>4230</u>	

#### MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items .....			
			<u>4211</u>

See auditors' report & accompanying notes.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER **FIRST ASSET FINANCIAL INC.**

For the period (MMDDYY) from 010106 to 123106

### STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	15,878	4240
A. Net income (loss) .....		77,196	4250
B. Additions (Includes non-conforming capital of .....	\$	35,000	4260
C. Deductions (Includes non-conforming capital of .....	\$	20,000	4270
2. Balance, end of period (From item 1800) .....	\$	108,074	4290

### STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$		4300
A. Increases .....			4310
B. Decreases .....			4320
4. Balance, end of period (From item 3520) .....	\$		4330

OMIT PENNIES

See auditors' report & accompanying notes.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER **FIRST ASSET FINANCIAL INC.**

as of 12/31/2006

### EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- |   |      |         |
|---|------|---------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 .....   | 4550 |         |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained .....  | 4560 |         |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.<br>Name of clearing firm <sup>30</sup> <u>SOUTHWEST SECURITIES, INC.</u> | 4335 | XX 4570 |
| D. (k)(3) — Exempted by order of the Commission (include copy of letter) .....  |      | 4580    |

### Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code )	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
31 4600	4601	4602	4603	4604	4605
32 4610	4611	4612	4613	4614	4615
33 4620	4621	4622	4623	4624	4625
34 4630	4631	4632	4633	4634	4635
35 4640	4641	4642	4643	4644	4645
			Total \$ <sup>36</sup>		4699

OMIT PENNIES

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

<b>WITHDRAWAL CODE:</b>	<b>DESCRIPTIONS</b>
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

See auditors' report & accompanying notes.

FIRST ASSET FINANCIAL INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$ 77,195
Add Non-cash Expense, Depreciation	1,808
Net (Increase) in Receivables & Deposits	(117,298)
Net Increase in Accounts Payable	<u>70,140</u>
Net Cash Provided/(Used) by Operations	\$ 31,845

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	\$ (1,808)
--------------------------	------------

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital Investments	\$ 35,000
Dividend Distributions	<u>(20,000)</u>
Net Cash Provided/(Used) by Financing	<u>\$ 15,000</u>

NET INCREASE/ (DECREASE) IN CASH	\$ 45,037
CASH AT BEGINNING OF YEAR	<u>15,879</u>
CASH AT END OF YEAR	<u>\$ 60,916</u>

NOTE:

Total interest paid during the fiscal year ending December 31, 2006 was \$0. The corporation is an "S" Corporation and pays no income taxes.

See auditors' report and accompanying notes.

FIRST ASSET FINANCIAL INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of First Asset Financial Inc. have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Company are presented below.

Business Activity – First Asset Financial Inc. was incorporated on June 15, 2005, in the state of Kansas, as a broker/dealer of securities.

Revenue from commissions and sale of investment company shares are recorded on a trade-date basis as securities transactions occur.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and certain reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable – The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Depreciation – Depreciation is provided for using code section 179 of the internal revenue code which expenses the entire cost of the capital expenditures in the year of purchase. This treatment is not in conformity with GAAP, however, capital purchases are generally consistent in nature and minor in amount. Because this method of depreciation is to be followed consistently throughout the years, this expense approximates GAAP reporting presentation. For the year ended December 31, 2006, depreciation expense amounted to \$1,807.84.

Concentrations of Credit Risk – The Company maintains cash balances in banks which are insured up to \$100,000 by the Federal Deposit Insurance Corporation; however, from time to time the Company's balance exceeds the insured amount.

Income Taxes – The Company has elected to be taxed under the provisions of subchapter S of the Internal Revenue Code by the consent of its stockholders. Under those provisions, the Company does not pay income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on the Company's taxable income.

See auditors' report.

FIRST ASSET FINANCIAL INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended December 31, 2006

NOTE B – EMPLOYEE BENEFIT PLAN

The Company has a SIMPLE IRA plan covering all of its eligible employees. All employees who have attained the age of 21 and earn at least \$5,000 per year are eligible to participate. The Company may contribute 2% of the employees' wages in the SIMPLE IRA. Employees are immediately 100% vested in all contributions. The employee may elect additional salary deferral in the plan up to \$10,000 per year (with an additional \$2,500 if they are over age 50 in 2006). The Company established the plan at the end of 2006 and did not contribute any amounts to it during 2006.

NOTE C – LEASES

The Company rents its facilities, and some of its furniture and equipment from organizations comprised of members of the stockholders' family under a month-to-month agreement. For the year ended December 31, 2006, the Company paid \$1,200.00 in rent to the related parties.

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INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION

To the Board of Directors and Stockholders of  
**FIRST ASSET FINANCIAL INC.**

Our report on our audit of the basic financial statements of **First Asset Financial Inc.** for 2006 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 16 to 19, inclusive, are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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Benson Accounting, CPA, PA

Salina, KS  
February 16, 2007

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **FIRST ASSET FINANCIAL INC.**

as of 12/31/2006

### COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition .....	\$	108,074	3480
2.	Deduct ownership equity not allowable for Net Capital .....			3490
3.	Total ownership equity qualified for Net Capital .....		108,074	3500
4.	Add:			
A.	Liabilities subordinated to claims of general creditors allowable in computation of net capital .....			3520
B.	Other (deductions) or allowable credits (List) .....			3525
5.	Total capital and allowable subordinated liabilities .....	\$	108,074	3530
6.	Deductions and/or charges:			
A.	Total non-allowable assets from			
Statement of Financial Condition (Notes B and C) .....	\$		3540	
B.	Secured demand note delinquency .....		3590	
C.	Commodity futures contracts and spot commodities – proprietary capital charges .....		3600	
D.	Other deductions and/or charges .....		3610	3620
7.	Other additions and/or allowable credits (List) .....			3630
8.	Net capital before haircuts on securities positions .....	\$	108,074	3640
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A.	Contractual securities commitments .....	\$	3660	
B.	Subordinated securities borrowings .....		3670	
C.	Trading and investment securities:			
1.	Exempted securities .....		3735	
2.	Debt securities .....		3733	
3.	Options .....		3730	
4.	Other securities .....		(42)	3734
D.	Undue Concentration .....		3650	
E.	Other (List) .....			3736
				(42) 3740
10.	Net Capital .....	\$	108,032	3750

OMIT PENNIES

See auditors' report on supplemental information

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **FIRST ASSET FINANCIAL INC.**

as of 12/31/2006

### COMPUTATION OF NET CAPITAL REQUIREMENT

**Part A**

11. Minimum net capital required (6 $\frac{2}{3}$ % of line 19) .....	\$	8,802	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	8,802	3760
14. Excess net capital (line 10 less 13) .....	\$	99,230	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	100,990	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	70,419	3790
17. Add:			
A. Drafts for immediate credit .....	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	3810	
C. Other unrecorded amounts (List) .....	\$	3820	
18. Total aggregate indebtedness .....	\$	70,419	3830
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10) .....	%	65	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) .....	%		3860

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$		3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$		3880
23. Net capital requirement (greater of line 21 or 22) .....	\$		3760
24. Excess capital (line 10 less 23) .....	\$		3910
25. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or \$120,000 .....	\$		3920

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6 $\frac{2}{3}$ % of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

See auditors' report on supplemental information.

FIRST ASSET FINANCIAL INC.  
STATEMENT OF NET CAPITAL  
For the Year Ended December 31, 2006

COMPUTATION OF NET CAPITAL IS AS FOLLOWS:

Cash	\$ 60,915
Depository accounts with brokers or dealers – clearance account	10,000
Receivables from brokers or dealers – other	67,899
Receivables from non-customers	39,399
Securities owned	279
Other Assets	<u>1</u>
Total Assets	\$ 178,493
Less: Non-Allowable Assets	<u>0</u>
Total Allowable Assets	\$ 178,493
Payables to brokers or dealers – other	\$ (279)
Payable to non-customers	<u>(70,140)</u>
Total Liabilities	\$ (70,419)
Haircuts on Securities Owned	<u>(42)</u>
Net Capital	<u>\$ 108,032</u>

NOTE:

First Asset Financial Inc. computation of net capital per the focus report dated December 31, 2006 is also \$108,032.

See auditors' report on supplemental information.

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To the Board of Directors and Stockholders of  
**FIRST ASSET FINANCIAL INC.**

In planning and performing our audit of the financial statements of **First Asset Financial Inc.** for the year ended December 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Our consideration of the internal control and its operation would not necessarily disclose all matters in the internal control that might be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the organization's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. However, we noted no matters involving the internal control and its operation that we consider to be reportable conditions as defined above.

This report is intended solely for the information and use of the Board of Directors, management and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

 CPA  
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Benson Accounting, CPA, PA

Salina, KS

*END*

February 16, 2007