

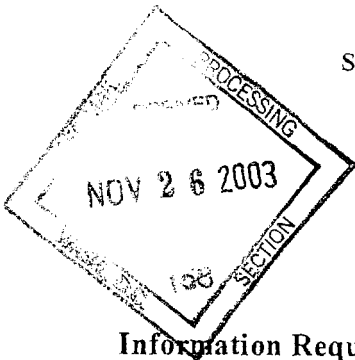
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-17974

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 September 30, 2002 AND ENDING September 30, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: First Washington Corporation

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

601 Union Street, Suite 3003

(No. and Street)

Seattle

(City)

Washington

(State)

98101

(Zip Code)

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

Mr. William L. McQueen, CPA

(206) 623-7302

(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Moss Adams LLP

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

1001 Fourth Avenue, Suite 2900

(Address)

Seattle

(City)

Washington

(State)

98154

(Zip Code)

CHECK ONE:

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

PROCESSED
DEC 10 2003
THOMSON
FINANCIAL

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*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)

SEC 1410 (06-02)

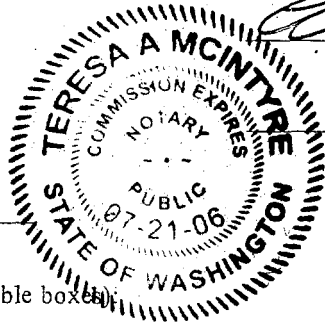
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9812-9

OATH OR AFFIRMATION

I, Phillip Frink, 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 Washington Corporation, as of September 30, 20 03, 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:

Teresa A. McIntyre
Notary Public



Phillip Frink
Signature

PRESIDENT
Title

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 15c3-3 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 WASHINGTON CORPORATION

**INDEPENDENT AUDITOR'S REPORT
and
FINANCIAL STATEMENTS
with
SUPPLEMENTAL INFORMATION**

SEPTEMBER 30, 2003

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
SUPPLEMENTAL INFORMATION	
Schedule I - Computation of Net Capital Pursuant to SEC Rule 15c3-1	10
Schedule II - Computation of Reserve Requirements Pursuant to Rule 15c3-3	11
Schedule III - Information Relating to the Possession or Control Requirements Under Rule 15c3-3	12
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5	13-14

INDEPENDENT AUDITOR'S REPORT

To the Stockholder and Board of Directors
First Washington Corporation

We have audited the accompanying statement of financial condition of First Washington Corporation (the Company) as of September 30, 2003, and the related statements of operations, stockholder's 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 Washington Corporation as of September 30, 2003, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. 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.

Moss Adams LLP

Seattle, Washington
October 31, 2003

FIRST WASHINGTON CORPORATION
STATEMENT OF FINANCIAL CONDITION
SEPTEMBER 30, 2003

ASSETS

Cash	\$ 452,436
Receivable from clearing organization	301,778
Securities owned, at market value	107,337
Deposit with clearing organization	50,393
Furniture, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$110,731	17,240
Other assets	<u>33,252</u>
	<u>\$ 962,436</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Accounts payable	\$ 15,648
Accrued liabilities	131,950
Payable to clearing organization	<u>104,819</u>
	<u>252,417</u>

COMMITMENTS (Note 5)

STOCKHOLDER'S EQUITY

Common stock, \$30 par value, 10,000 shares authorized, 2,800 shares issued and outstanding	84,000
Additional paid-in capital	230,595
Retained earnings	<u>395,424</u>
	<u>710,019</u>
	<u>\$ 962,436</u>

FIRST WASHINGTON CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2003

REVENUES

Commissions	\$ 1,422,701
Net gains on principal transactions	263,742
Interest and dividends	246,216
Other	80,541
	<u>2,013,200</u>

EXPENSES

Commissions and salaries	1,345,261
Rent	176,733
Payroll and business taxes	115,876
Information services	104,287
Clearing costs	103,959
Telephone	47,864
Legal and accounting	47,564
Dues and subscriptions	20,736
Depreciation and amortization	7,777
Interest	3,923
Other operating expenses	107,879
	<u>2,081,859</u>

LOSS BEFORE FEDERAL INCOME TAX (68,659)

BENEFIT FOR FEDERAL INCOME TAX 10,530

NET LOSS \$ (58,129)

FIRST WASHINGTON CORPORATION
STATEMENT OF STOCKHOLDER'S EQUITY
YEAR ENDED SEPTEMBER 30, 2003

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	
			<u>Capital</u>		
BALANCE, September 30, 2002	2,800	\$ 84,000	\$ 230,595	\$ 453,553	\$ 768,148
Net loss	-	-	-	(58,129)	(58,129)
BALANCE, September 30, 2003	<u>2,800</u>	<u>\$ 84,000</u>	<u>\$ 230,595</u>	<u>\$ 395,424</u>	<u>\$ 710,019</u>

See accompanying notes.

FIRST WASHINGTON CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (58,129)
Adjustments to reconcile net income to net cash from operating activities	
Depreciation and amortization	7,777
Unrealized depreciation in fair value of securities owned	187,557
Changes in assets and liabilities	
Receivable from clearing organization	(56,734)
Securities owned, net	292,734
Deposit with clearing organization	9,828
Other assets	(18,920)
Accounts payable	3,698
Accrued liabilities	(29,896)
Accrued profit sharing contribution	(150,000)
Payable to clearing organization	(17,729)
	<u>170,186</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of furniture and equipment	<u>(4,646)</u>
-------------------------------------	----------------

CHANGE IN CASH 165,540

CASH BALANCE

Beginning of year	<u>286,896</u>
End of year	<u><u>\$ 452,436</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:

Interest	<u>\$ 3,923</u>
Federal income tax	<u><u>\$ 4,769</u></u>

Note 1 - Operations and Summary of Significant Accounting Policies

Nature of Business - First Washington Corporation (the Company) operates as a securities broker-dealer. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD).

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Receivable From Clearing Organization - The receivable from the clearing organization is stated at an amount that management expects to collect. No allowance has been recorded as, historically, there have been no material losses associated with this receivable.

Accounting Method - Securities transactions and the related revenue and expense are recorded on a settlement date basis, generally three business days after trade date for municipal and equity securities and one business day after trade date for U.S. government securities. As of September 30, 2003 and for the year then ended, the Company's financial condition and results of operations using the settlement date basis are not materially different from recording transactions on a trade date basis.

Securities Owned - Securities owned are marked to market at month end based on available bid prices. Unrealized depreciation related to securities owned amounted to \$187,557 for the fiscal year ended 2003 and is included in net gains on principal transactions in the statement of income.

Depreciation and Amortization - Furniture and equipment are stated at cost and depreciated over their estimated useful lives of five to seven years using accelerated methods. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful life.

Fiscal Year - The Company has a twelve month fiscal year-end, ending on September 30.

Cash - For purposes of the statement of cash flows, the Company considers only cash subject to immediate withdrawal.

Federal Income Tax - The Company utilizes an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on currently enacted tax laws and rates. No such differences exist at September 30, 2003.

FIRST WASHINGTON CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 2 - Securities Owned

The balance of securities owned consists of the following at September 30, 2003:

Corporate bonds and notes	\$ 58,055
State and municipal obligations	<u>49,282</u>
	<u>\$ 107,337</u>

The balance consists of shares in three separate securities, maturing in 2005, 2009, and 2010.

Note 3 - Transactions with Clearing Organization

The Company has an agreement with Pershing, whereby Pershing clears all security transactions, carries all customer accounts, finances and holds the Company's trading inventory, and performs certain other services. The agreement is cancelable upon 90 days prior written notice of either party. The Company is subject to a termination fee, if termination is within a specified time frame stated in the agreement. As part of this agreement, the Company is required to maintain a deposit held at Pershing.

Note 4 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital. The Company is required to maintain net capital of the greater of \$250,000 or 6 2/3% of aggregate indebtedness. At September 30, 2003, the Company had net capital as follows:

Net capital	<u>\$ 656,397</u>
Excess in net capital	<u>\$ 406,397</u>
Percentage of aggregate indebtedness to net capital	22%

Note 5 - Commitments

During fiscal 2003, the Company entered into a lease agreement for new office space. The lease term commences on December 2003 and is for a period of 10 years. The future minimum rent payments are as follows:

<u>Fiscal Year Ending</u>	
2004	\$ 135,120
2005	208,310
2006	215,066
2007	221,822
2008	222,948
Thereafter	<u>1,192,434</u>
	<u>\$ 2,195,700</u>

Rent expense was \$176,733 for the fiscal year ended September 30, 2003.

Note 6 - Employee Benefit Plan

The Company maintains a profit sharing plan covering substantially all employees. Annual contributions are made at the discretion of the Board of Directors. No contribution was made for the fiscal year ended September 30, 2003.

Note 7 - Trading Activities and Related Risks

In the normal course of business, the Company enters into financial transactions where there is risk of potential loss due to changes in the market (market risk) or failure of the other party to the transaction to perform (credit risk).

Market risk is the potential change in value caused by fluctuations in market prices of an underlying financial instrument. Subsequent market fluctuations may require selling securities owned at prices that differ from the market values reflected on the statement of financial condition. Market risk is directly impacted by the volatility and liquidity in the markets in which financial instruments are traded. The Company seeks to control such market risk by measuring and monitoring risk limits.

Note 7 - Trading Activities and Related Risks (Continued)

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. The Company's direct exposure to credit risk is concentrated in the balance of securities owned and any cash deposits in excess of applicable insurance limits. The Company reduces its exposure to these credit risks by trading only exchange traded financial instruments, which generally do not give rise to significant counterparty exposure due to the margin requirements of the individual exchanges, and maintaining cash deposits with only high quality financial institutions.

Additionally, in the normal course of business, the Company engages in activities involving the execution and settlement of various securities transactions for the benefit of customers. These services are provided on a fully disclosed basis to a large and diversified group of clients. These activities may expose the Company to credit risk, including off-balance sheet and market risks, in the event a client or counterparty is unable to fulfill its contractual obligation. Volatile or illiquid trading markets may increase such risks.

Note 8 - Report on Internal Control

In accordance with certain rules of the Securities and Exchange Commission, a report on the Company's internal accounting control was furnished to the Commission. A copy of the report is available for examination at the Company's office or at the regional office of the Securities and Exchange Commission.

Note 9 - Stock Purchase Transaction

During fiscal 2003, the owners of the Company entered into a stock purchase transaction. In this transaction, all of the issued and outstanding shares of the Company were sold. This transaction was completed in April, 2003. No amounts have been recorded in the financial statements for this transaction. In connection with this transaction, options for 252 shares of the Company's common stock were issued to select officers of the Company. No amounts have been recorded in the financial statements for these options as the exercise price is above the market value of the stock.

SUPPLEMENTAL INFORMATION

SCHEDULE I
FIRST WASHINGTON CORPORATION
COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1
SEPTEMBER 30, 2003

COMPUTATION OF NET CAPITAL

Stockholder's equity	\$ 710,019
Deductions	
Unsecured receivables, furniture, equipment, leasehold improvements, and other assets	(46,849)
Haircuts on securities owned	<u>(6,773)</u>
Net capital	<u><u>\$ 656,397</u></u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Liabilities	\$ 252,417
Deductions	
Payable to clearing collateralized by securities owned	<u>(104,819)</u>
Aggregate indebtedness	<u><u>\$ 147,598</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required	\$ 250,000
Percentage of aggregate indebtedness to net capital	22%
Ratio of aggregate indebtedness to net capital	.22 to 1

The computation of net capital pursuant to SEC Rule 15c3-1 as of September 30, 2003, computed by First Washington Corporation in its Form X-17A-5, Part IIA, as filed with the NASD, does not differ materially from the above computation, which is based on audited financial statements.

SCHEDULE II
FIRST WASHINGTON CORPORATION
COMPUTATION OF RESERVE REQUIREMENTS PURSUANT TO RULE 15c3-3
SEPTEMBER 30, 2003

The Company is exempt from Rule 15c3-3 under Section (k)(2)(ii), in that it does not trade or carry customer accounts and does not hold customer funds.

SCHEDULE III
FIRST WASHINGTON CORPORATION
INFORMATION RELATING TO THE POSSESSION OR
CONTROL REQUIREMENTS UNDER RULE 15c3-3
SEPTEMBER 30, 2003

The Company is exempt from Rule 15c3-3 under Section (k)(2)(ii), in that it does not trade or carry customer accounts and does not hold customer funds.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

To the Stockholder and Board of Directors
First Washington Corporation

In planning and performing our audit of the financial statements of First Washington Corporation for the year ended September 30, 2003, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by First Washington Corporation that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in (1) making quarterly securities examinations, counts, verifications, and comparisons, (2) recordation of differences required by Rule 17a-13 and (3) complying with the requirements for prompt payment of securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control structure practices and procedures to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at September 30, 2003, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies, which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Moss Adams LLP

Seattle, Washington
October 31, 2003