MID-CO COMMODITIES, INC.

FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION ON FORM 1-FR

YEARS ENDED AUGUST 31, 2013 AND 2012

with

REPORTS OF INDEPENDENT AUDITORS

Building a better
working world

Ernst & Young LLP
155 North Wacker Drive
Chicago, IL 60606-1787

Tel: +1 312 879 2000
Fax: +1 312 879 4000
ey.com

Report of Independent Auditors

The Board of Directors
MID-CO Commodities, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of MID-CO Commodities, Inc. (the Company), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MID-CO Commodities, Inc. as of August 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in The Reconciliation of Current Assets and Reconciliation of Liabilities, The Statement of the Computation of the Minimum Capital Requirements, and The Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges as of August 31, 2013 are presented for purposes of additional analysis and are not a required part of the financial statements, but is supplementary information required by Regulation 1.16 of the Commodity Futures Trading Commission . Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information as of August 31, 2013 is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst + Young LLP

October 7, 2013

CFTC FORM 1-FR-FCM 0005

Name of Company: MID CO COMMODITIES INC (0010)	Employer ID No: 371085132 (0020)	NFA ID No: 0002588 (0030)
Address of Principal Place of Business: 1701 Towanda Ave, PO Box 2500, Bloomington, IL 61702-2500 (0050)	Person to Contact Concerning This Report: Dave Neill (0040); Telephone No: 309-557-6035 (0060); E-Mail Address: dneill@growmark.com (0065)	

1. Report for the period beginning 09/01/2012 [0070] and ending 08/31/2013 [0080]

2. Type of report [0090] ☐ Certified ☐ Regular quarterly/semiannual ☐ Monthly 1.12(b)

☐ Special call by: ☐ Other -- Identify:

3. Check whether [0095] ☒ Initial filing ☐ Amended filing

4. Name of FCM's Designated Self-Regulatory Organization: NFA [0100]

5. Name(s) of consolidated subsidiaries and affiliated companies:

Name		Percentage Ownership		Line of Business	
	0110		0120		0130
	0140		0150		0160
	0170		0180		0190
	0200		0210		0220
	0230		0240		0250

The futures commission merchant, or applicant for registration therefor, submitting this Form and its attachments and the person whose signature appears below represent that, to the best of their knowledge, all information contained therein is true, correct and complete. It is understood that all required items, statements and schedules are 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. It is further understood that any intentional misstatements or omissions of facts constitute Federal Criminal Violations (see 18 U.S.C. 1001).

Signed on 9/22/2013

Manual signature Marshall P. Bohbrink

Type or print name ~~President~~ Marshall P. Bohbrink

☐ Chief Executive Officer ☐ Chief Financial Officer Corporate Title President

☐ General Partner ☐ Sole Proprietor

AUTHORITY: Sections 4c, 4d, 4f, 4g, 5a, 8a, and 17 of the Commodity Exchange Act (7 U.S.C. 6c, 6d, 6f 6g, 7a, 12a and 21)

- 1 -

CONTENTS

MID-CO COMMODITIES, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash - general	$ 61,484	$ 47,098
Cash - segregated	13,598,139	12,420,104
Amounts due from brokers - segregated	25,078,549	58,068,130
Amounts due from brokers - not segregated	20,073,476	40,508,407
Other receivable	59,456	7,921
Note receivable from GROWMARK, Inc.	-	3,000,000
Prepaid license	64,333	46,700
Total current assets	58,935,437	114,098,360
Ownership in cooperatives and others	225,477	224,858
Total assets	$ 59,160,914	$ 114,323,218
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable to GROWMARK, Inc.	$ 189,132	$ 206,491
Patronage refunds payable in cash	200,000	350,000
Payables to customers	27,268,459	59,560,910
Payables to non-customers	20,167,161	40,548,067
Other current liabilities	527,275	826,204
Total current liabilities	48,352,027	101,491,672
Deferred income tax liability	29,597	29,311
Shareholders' equity:		
Preferred stock	3,142,000	$ 5,142,000
Common stock	12,800	13,000
Retained earnings	7,624,490	7,647,235
Total shareholders' equity	10,779,290	12,802,235
Total liabilities and shareholders' equity	$ 59,160,914	$ 114,323,218

See accompanying notes.

MID-CO COMMODITIES, INC.
STATEMENTS OF INCOME
Years ended August 31, 2013 and 2012

	2013	2012
Revenues:		
Commissions	$ 4,260,662	$ 4,724,834
Interest income	61,863	89,501
Inventory program interest	25,698	14,152
Other income	300	-
Total revenues	4,348,523	4,828,487
Expenses:		
Brokerage	879,361	966,387
Interest expense, net of patronage refunds	85,655	-
General and administrative	2,793,601	2,766,555
Total expenses	3,758,617	3,732,942
Income before income taxes	589,906	1,095,545
Income taxes	172,651	304,827
Net income	$ 417,255	$ 790,718
Distribution of net income:		
Patronage refunds payable in cash	$ 200,000	$ 350,000
Cash dividends on preferred stock	240,000	400,000
(Decrease) Increase in retained earnings	(22,745)	40,718
	$ 417,255	$ 790,718

See accompanying notes.

MID-CO COMMODITIES, INC.
STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended August 31, 2013 and 2012

	PREFERRED STOCK	COMMON STOCK	RETAINED EARNINGS	TOTAL
Balance at August 31, 2011	$ 5,150,500	$ 13,500	$ 7,606,517	$ 12,770,517
Net income	-	-	790,718	790,718
Cash dividends of preferred stock	-	-	(400,000)	(400,000)
Preferred stock redemption	(8,500)		-	(8,500)
Common stock redemption	-	(500)	-	(500)
Patronage dividends to be distributed in cash	-	-	(350,000)	(350,000)
Balance at August 31, 2012	5,142,000	13,000	7,647,235	12,802,235
Net income	-	-	417,255	417,255
Cash dividends of preferred stock	-	-	(240,000)	(240,000)
Preferred stock redemption	(2,000,000)	-	-	(2,000,000)
Common stock redemption	-	(200)	-	(200)
Patronage dividends to be distributed in cash	-	-	(200,000)	(200,000)
Balance at August 31, 2013	$ 3,142,000	$ 12,800	$ 7,624,490	$ 10,779,290

See accompanying notes.

MID-CO COMMODITIES, INC.
STATEMENTS OF CASH FLOWS
Years ended August 31, 2013 and 2012

	2013	2012
Operating activities:		
Net income	$ 417,255	$ 790,718
Patronage refunds payable in cash	200,000	350,000
Net income after patronage refunds	217,255	440,718
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Patronage received in stock	(619)	(33,281)
Deferred tax expense	286	29,311
Changes in operating assets and liabilities:		
Amounts due from brokers - segregated	32,989,581	1,755,488
Amounts due from brokers - not segregated	20,434,931	3,791,956
Patronage refunds payable	(150,000)	(100,000)
Cash - segregated	(1,178,035)	3,516,877
Prepaid long-term assets	-	22,133
Payables to customers and non-customers	(52,673,357)	(6,203,493)
Other current assets	(69,168)	81,122
Other current liabilities	(156,288)	96,142
Net cash (used in) provided by operating activities	(585,414)	3,396,973
Investing activities:		
Payment(Issuance) of note receivable from GROWMARK, Inc.	3,000,000	(3,000,000)
Net cash provided by (used in) investing activities	3,000,000	(3,000,000)
Financing activities:		
Preferred stock redemptions	(2,000,000)	(8,500)
Common stock issuances	100	-
Common stock redemptions	(300)	(500)
Dividends paid on preferred stock	(400,000)	(400,000)
Short-term debt borrowings	4,927,500	16,332,500
Short-term debt repayments	(4,927,500)	(16,332,500)
Net cash used in financing activities	(2,400,200)	(409,000)
Net increase (decrease) in cash - general	14,386	(12,027)
Cash - general at beginning of year	47,098	59,125
Cash - general at end of year	$ 61,484	$ 47,098
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 269,458	$ 368,955
Interest paid	91,111	95,088

See accompanying notes.

MID-CO COMMODITIES, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2013 and 2012

1. Organization and principal accounting policies

a. Organization

MID-CO Commodities, Inc. (the Company) is a subsidiary of GROWMARK, Inc. (the Parent). The Company is a registered futures commission merchant facilitating customer transactions for the purchase and sale of commodity futures contracts and options on futures contracts. The Company's primary customers are agricultural cooperatives operating in Illinois, Iowa, Wisconsin, and the province of Ontario, Canada. The Company is a cooperative corporation operating for the benefit of its common shareholders/patrons. Pursuant to its Certificate of Incorporation and by-laws, common stock shall be issued only to associations of agricultural producers meeting the requirements of and operating in accordance with the provisions of an Act of Congress entitled the "Agricultural Marketing Act," approved June 15, 1929. Further, no dividends shall be paid on the common stock. Whenever full dividends on the preferred stock shall have been paid or declared, all remaining earnings for the year, after providing for such reasonable reserves and additions to retained earnings as may be determined by the Board of Directors, shall be distributed to the common shareholders in cash or written notices of allocation on the basis of their patronage with the Company.

b. Revenue recognition

Commissions and the related brokerage expense on brokerage transactions are recognized on a half turn basis when the trade is executed and settled. Interest is recognized on an accrual basis.

c. Inventories

Grain inventories, evidenced by warehouse receipts, purchased from qualified customers are valued at cost, and interest is accrued in the concurrently executed contract with the customer to buy back the grain within 90 days.

d. Ownership in cooperatives and others

Ownership in cooperatives and others is carried at cost, substantially all of which is CoBank, ACB (CoBank). Patronage refunds are recorded when received. The Company believes it is not practicable to estimate the fair value of the investments without incurring excessive costs because there is no established market for these securities and it is highly subjective to estimate future cash flows, which are largely dependent on the future patronage earnings of the companies. The Company receives patronage from CoBank, which is netted against interest expense on the Statements of Income.

e. Use of estimates

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

f. Financial instruments

A majority of the Company's assets and liabilities are considered financial instruments, namely amounts due from brokers and payable to customers and non-customers, and are reported in the Statements of Financial Position at fair value, or at carrying amounts that approximate fair value because of the short-term maturity of the instruments.

In the normal course of business, the Company executes futures contracts and options on futures trades for the accounts of its customers, primarily agricultural cooperatives. All transactions are introduced to other clearing brokers of good financial standing. As such, the Company guarantees to the respective clearing brokers its customers' performance under these contracts. In accordance with regulatory requirements and market practice, the Company requires its customers to meet, at a minimum, the margin requirements established by each of the exchanges at which contracts are traded. Exchange traded financial instruments, such as futures contracts and options, generally do not give rise to significant unsecured counterparty exposure. Risk arising from customer positions is managed based on margin requirements equivalent to exchange margins. Margin is a good faith deposit from the customer that reduces risk to the Company of failure by the customer to fulfill obligations under these contracts. To minimize its exposure to risk of loss due to market variation, the Company adjusts these margin requirements as needed. As a result of market variations or in the event of customer non-performance, the Company may satisfy margin requirements by liquidating certain customer positions. Management believes that the margin deposits held at August 31, 2013, were adequate to minimize the risk of material loss that could be created by positions held at that time.

g. Income Taxes

The Company files a separate federal income tax return, but certain state income tax returns are filed on a consolidated basis with its Parent. State income taxes are calculated as if the Company filed on a separate return basis and the amount of current tax or benefit calculated is either remitted to or received from the Parent. The amount of current and deferred taxes payable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred income taxes are recorded to reflect the effects of timing differences in the recognition of income and expenses for financial and tax reporting purposes.

h. Foreign Revenue

Foreign revenues totaled $209,840 and $194,508 in the years ended August 31, 2013 and 2012, respectively.

i. Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

j. Recently Adopted Accounting Pronouncement

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. ASU 2011-04 amends Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, by requiring additional disclosures regarding fair value measurements. The adoption of this amended guidance had minimal impact to the Company. The amended guidance also did not impact financial results.

2. Customer segregated funds

Amounts segregated for customers' accounts exceeded amounts required to be segregated under the Commodity Exchange Act as of August 31, 2013 and 2012 by $11,402,573 and $10,354,953, respectively.

A significant portion of the Company's assets are held in interest bearing accounts by ADM Investor Services, Inc., the Company's principal clearing broker.

3. Debt

The Company has two committed short-term lines of credit with CoBank that are secured by inventory: a $20 million line of credit to finance margin deposits ($25 million in 2012) and a $10 million line of credit to finance the purchase of grain inventory under the Company’s inventory purchase program ($20 million in 2012). At August 31, 2013 and 2012, the Company had no borrowings outstanding. The interest rate at August 31, 2013 on the $20 million line of credit with CoBank ($25 million in 2012) was 2.25%, while the interest rate on the $10 million line of credit with CoBank ($20 million in 2012) ranged from 2.45% to 4.65% above LIBOR.

4. Fair Value Measurements

The Company defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company's policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances. The three levels within the hierarchy used to measure fair value include:

- Level 1 – Inputs may include quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company has the ability to access. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded derivative contracts, U.S. government securities, and certain publicly traded equity securities.

- Level 2 – Inputs may include quoted prices for similar assets and liabilities in active markets or quoted prices in markets that are less active than traded exchanges or other observable inputs (other than quoted prices included in Level 1) for the asset or liability that can be corroborated by observable market data, such as interest rates and yield curves that are observable at commonly quoted intervals. Financial assets and liabilities utilizing Level 2 inputs include most corporate bonds and certificates of deposit.

- Level 3 – Inputs may include unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the asset or liability.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

5. Capital stock

	August 31, 2013	2012
Class A Preferred, Series 1, 8% noncumulative, $25 par value; 80,000 shares authorized, issued and outstanding	$ 2,000,000	$ 2,000,000
Class A Preferred, Series 2, 8% noncumulative, $1,000 par value; 75,000 shares authorized,1,000 shares issued and outstanding (3,000 shares issued and outstanding in 2012)	1,000,000	3,000,000
Class C Preferred, nondividend, $100 par value; 20,000 shares authorized, 1,420 shares issued and outstanding	142,000	142,000
Class D Preferred, nondividend $50 par value, 200,000 shares authorized	0	0
Total preferred stock	3,142,000	5,142,000
Common stock, $100 par value; 500 shares authorized, 128 shares issued and outstanding (130 shares issued and outstanding in 2012)	12,800	13,000
Total capital stock	$ 3,154,000	$ 5,155,000

During the year ended August 31, 2013, the Company redeemed, at par value, $2.0 million of GROWMARK's investment in Class A Preferred Stock (Series 2).

In the event of the liquidation, dissolution, or winding up of the affairs of the Company, the preference of rights to receive the proceeds of the assets would be in the following order: Class A Preferred Stock, Class C Preferred Stock, Class D Preferred Stock. All of the remaining balance of such assets shall be distributed among the holders of the Common Stock in the Company upon the basis of their patronage with the Company.

6. Income taxes

At August 31, 2013 and 2012, the Company had a total net deferred tax liability of $29,597 and $29,311, respectively. The deferred items include temporary differences related to accounting methods being used for financial accounting that differ from those used for tax accounting. The difference relates to the basis of ownership in cooperatives.

The difference between the statutory tax rate and effective tax rate is primarily due to patronage refunds and state taxes.

The following table identifies key components of income tax expense:

	Years Ended August 31, 2013	Years Ended August 31, 2012
Current tax expense - federal	$ 131,313	$ 222,326
Current tax expense - state	41,052	53,190
Current tax expense – total	172,365	275,516
Deferred tax expense	286	29,311
	$ 172,651	$ 304,827

The Company is subject to income tax filing requirements imposed by the federal and state taxing authorities in the United States. Income tax returns filed, or to be filed, by the Company for tax years ended after August 31, 2009 are subject to examination by these taxing authorities.

In complying with Accounting Standards Codification (ASC) 740, management has evaluated all tax positions taken on income tax returns filed or to be filed by the Company that are used in determining the tax benefits reported as current or deferred tax assets and liabilities in these financial statements. As the result of this evaluation, management believes that each such tax position is more likely than not, based on technical merits, to be sustained on examination and that the full tax benefit of each tax position, as reported in these financial statements, will ultimately be realized.

The Company has not recognized any interest or penalties in the Statements of Income or in the Statements of Financial Position related to ASC 740. The Company recognizes interest and penalty expense, if any, in its provision for income taxes.

7. Related party transactions

Commissions earned from GROWMARK, Inc. and its subsidiary companies amounted to $1,526,287 for the year ended August 31, 2013 ($1,742,556 in 2012).

Under a management service agreement with GROWMARK, Inc., which may be canceled by either party, the Company is obligated to pay GROWMARK, Inc. an annual management fee based on actual GROWMARK, Inc. costs, as defined in the agreement. The fees incurred under this agreement were $2,212,343 in 2013 ($2,320,085 in 2012) and are included in general and administrative expenses and include costs such as payroll related expenses, rent and computer support.

Non-customers are defined as GROWMARK, Inc. and its subsidiary companies, which were due balances of $20,167,161 and $40,548,067 at August 31, 2013 and 2012, respectively.

The Company had a notes receivable balance from GROWMARK, Inc. totaling $3,000,000 at August 31, 2012, which was collected in 2013.

8. Capital requirement

The Company is subject to the minimum financial requirements of the Commodity Futures Trading Commission. Under these requirements, the Company is required to maintain adjusted net capital at a minimum of $1,000,000 or a percentage of the Company's customer and non-customer risk maintenance margin, as defined, whichever is greater.

Adjusted net capital changes from day to day, but at August 31, 2013 and 2012, the Company had adjusted net capital of $10,453,965 and $9,552,067, respectively, exceeding the minimum capital requirements by $7,219,435 and $2,681,647, respectively.

The minimum requirements may effectively restrict the payment of cash dividends.

9. Subsequent events

These financial statements reflect the impact of recognized material subsequent events through October 7, 2013, which is the date that the financial statements were available to be issued.

ADDITIONAL INFORMATION

Schedule 1

MID-CO COMMODITIES, INC.

RECONCILIATION OF CURRENT ASSETS

August 31, 2013

Current assets as reported in the statement of financial position	$ 58,935,437
Adjustments to current assets in accordance with Commodity Futures Trading Commission Regulation 1.17 (a)(1)(c)(2):	
Customer and non-customer net option value	688,634
Unsecured accounts receivable	(1,755)
Non-allowable – other assets	(122,034)
Current assets as shown in the statement of the computation of the minimum capital requirements (Schedule 2)	$ 59,500,282

RECONCILIATION OF LIABILITIES

August 31, 2013

Liabilities as reported in the statement of financial position	$ 48,381,624
Adjustments to liabilities in accordance with Commodity Futures Trading Commission Regulation 1.17 (a)(1)(c)(4):	
Customer and non-customer net option value	688,634
Customer deficits (non-current)	5,656
Liabilities as shown in the statement of the computation of the minimum capital requirements (Schedule 2)	$ 49,075,914

Name of Company:	Employer ID No:	NFA ID No:
MID CO COMMODITIES INC	371085132	0002588

CFTC FORM 1-FR-FCM

STATEMENT OF THE COMPUTATION OF THE MINIMUM CAPITAL REQUIREMENTS

AS OF 8/31/2013

Net Capital

1.	Current assets (page 3, line 20)					$ 59,500,282	3000
2.	Increase/(decrease) to U.S. clearing organization stock to reflect margin value					0	3010
3.	Net current assets					$ 59,500,282	3020
4.	Total liabilities (page 5, line 32)			$ 49,075,914	3030		
5.	Deductions from total liabilities						
	A. Liabilities subject to satisfactory subordination agreements (page 5, line 31.A)	$ 0	3040				
	B. Certain deferred income tax liability (see regulation 1.17(c)(4)(iv))	29,597	3050				
	C. Certain current income tax liability (see regulation 1.17(c)(4)(v))	0	3060				
	D. Long term debt pursuant to regulation 1.17(c)(4)(vi)	0	3070				
	E. Total deductions (add lines 5.A. - 5.D.)			(29,597)	3080		
	F. Adjusted liabilities (subtract line 5.E from line 4)					49,046,317	3090
6.	Net capital (subtract line 5.F. from line 3)					$ 10,453,965	3100

Charges Against Net Capital (see regulation 1.17(c)(5))

7.	Excess of advances paid on cash commodity contracts over 95% of the market value of commodities covered by such contracts	$ 0	3110
8.	Five percent (5%) of the market value of inventories covered by open futures contracts or commodity options (no charges applicable to inventories registered as deliverable on a contract market and which are covered by futures contracts)	0	3120
9.	Twenty percent (20%) of the market value of uncovered inventories or lesser percentage charge for uncovered balances in specified foreign currencies	0	3130
10.	Ten percent (10%) of the market value of commodities underlying fixed price commitments and forward contracts which are covered by open futures contracts or commodity options	0	3140
11.	Twenty percent (20%) of the market value of commodities underlying fixed price commitments and forward contracts which are not covered by open futures contracts or commodity options	0	3150

There are no material differences between the audited computation of net capital above and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2013.

12. Charges as specified in section 240.15c3-1(c)(2)(vi) and (vii) against securities owned by firm, including securities representing investments of domestic and foreign customers' funds:

		Market Value		Charge			
A.	U.S. and Canadian government obligations	$ 0	3160	$ 0	3170		
B.	State and Municipal government obligations	0	3180	0	3190		
C.	Certificates of deposit, commercial paper and bankers' acceptances	0	3200	0	3210		
D.	Corporate obligations	0	3220	0	3230		
E.	Stocks and warrants	0	3240	0	3250		
F.	Other securities	0	3260	0	3270		
G.	Total charges (add lines 12.A. - 12.F.)					0	3280

13.	Charges as specified in section 240.15c3-1(c)(2)(iv)(F)				
	A. Against securities purchased under agreements to resell			0	3290
	B. Against securities sold under agreements to repurchase			0	3300
14.	Charges on securities options as specified in section 240.15c3-1, Appendix A			0	3310
15.	Undermargined commodity futures and commodity options accounts - amount in each account required to meet maintenance margin requirements, less the amount of current margin calls in that account and the amount of any noncurrent deficit in the account				
	A. Customer accounts			0	3320
	B. Noncustomer accounts			0	3330
	C. Omnibus accounts			0	3340
16.	Charges against open commodity and cleared OTC derivatives positions in proprietary accounts				
	A. Uncovered exchange-traded futures, cleared OTC derivatives positions and granted options contracts				
	i percentage of margin requirements applicable to such contracts	$ 0	3350		
	ii Less: equity in proprietary accounts included in liabilities	0	3360	0	3370
	B. Ten percent (10%) of the market value of commodities which underlie commodity options not traded on a contract market carried long by the applicant or registrant which has value and such value increased adjusted net capital (this charge is limited to the value attributed to such options)			0	3380
	C. Commodity options which are traded on contract markets and carried long in proprietary accounts. Charge is the same as would be applied if applicant or registrant was the grantor of the options (this charge is limited to the value attributed to such options)			0	3390
17.	Five percent (5%) of all unsecured receivables from foreign brokers			0	3410
18.	Deficiency in collateral for secured demand notes			0	3420
19.	Adjustment to eliminate benefits of consolidation (explain on separate page)			0	3430
20.	Total charges (add lines 7 through 19)			$ 0	3440

There are no material differences between the audited computation of net capital above and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2013.

Net Capital Computation

21. Adjusted net capital (subtract line 20 from line 6)			$ 10,453,965 [3500]
22. Net capital required			
A. Risk Based Requirement			
i Amount of Customer Risk Maintenance Margin	$ 20,707,456 [3515]		
ii Enter 8% of line 22.A.i		$ 1,656,596 [3525]	
iii Amount of Non-Customer Risk Maintenance Margin	$ 19,724,175 [3535]		
iv Enter 8% of line 22.A.iii		$ 1,577,934 [3545]	
v Enter the sum of 22.A.ii and 22.A.iv		$ 3,234,530 [3555]	
B. Minimum Dollar Amount Requirement		$ 1,000,000 [3565]	
C. Other NFA Requirement		$ 0 [3575]	
D. Enter the greater of lines 22.A.v, 22.B. or 22.C.			$ 3,234,530 [3600]
23. Excess net capital (line 21 less line 22.D.)			$ 7,219,435 [3610]

Computation of Early Warning Level

24. If the Minimum Net Capital Requirement computed on line D (Box 3600) is: $ 3,557,983 [3620]

- The Risk Based Requirement, enter 110% of line 22.A.v. (3555), or
- The Minimum Dollar Requirement of $1,000,000, enter 150% of line 22.B. (3565), or
- The Minimum Dollar Requirement of $20,000,000 for FCMs offering or engaging in retail forex transactions or Retail Foreign Exchange Dealers ("RFED"), enter 110% of line 22.B (3565), or
- Other NFA Requirement of $20,000,000 plus five percent of the FCM's offering or engaging in retail forex transactions or Retail Foreign Exchange Dealer's ("RFED") total retail forex obligations in excess of $10,000,000, enter 110% of line 22.C. (3575), or
- Any other NFA Requirement, enter 150% of line 22.C. (3575)

This is your early warning capital level. If this amount is greater that the amount on line 21, you must immediately notify your DSRO and the Commission pursuant to section 1.12 of the regulations.

Guaranteed Introducing Brokers

25. List all IBs with which guarantee agreements have been entered into by the FCM and which are currently in effect. [3650]
See Attached

There are no material differences between the audited computation of net capital above and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2013.

Name of Company:	Employer ID No:	NFA ID No:
MID CO COMMODITIES INC	371085132	0002588

CFTC FORM 1-FR-FCM

STATEMENT OF THE CHANGES IN OWNERSHIP EQUITY

FOR THE PERIOD FROM 9/ 1/2012 THROUGH 8/31/2013

1.	Total ownership equity as previously reported	$ 12,802,235	4500
2.	Net income (loss) for period	417,255	4510
3.	Other additions to capital (explain below)	100	4520
4.	Dividends	(240,000)	4530
5.	Other deductions from capital (including partner and proprietary withdrawals) (Explain below)	(2,200,300)	4540
6.	Balance (page 5, line 36)	$ 10,779,290	4550

See attached for date, explanation and amount.

STATEMENT OF CHANGES IN LIABILITIES

SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS

PURSUANT TO A SATISFACTORY SUBORDINATION AGREEMENT

FOR THE PERIOD FROM 9/ 1/2012 THROUGH 8/31/2013

		All Satisfactory Subordinated Debt		Debt that Qualifies as Equity Capital *	
1.	Total subordinated borrowings as previously reported	$ 0	4600	$ 0	4605
2.	Increases (explain below)	0	4610	0	4615
3.	Decreases (explain below)	0	4620	0	4625
4.	Balance (page 5, line 31.A)	$ 0	4630	$ 0	4635

* Equity capital is defined in regulation 1.17(d)

See attached for date, explanation and amount.

There are no material differences between the audited computation of net capital above and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2013.

Name of Company:	Employer ID No:	NFA ID No:
MID CO COMMODITIES INC	371085132	0002588

CFTC FORM 1-FR-FCM
STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CUSTOMERS TRADING ON U.S. COMMODITY EXCHANGES
AS OF 8/31/2013

SEGREGATION REQUIREMENTS (Section 4d(2) of the CEAct)

1.	Net ledger balance				
	A. Cash			$ 26,457,792	5000
	B. Securities (at market)			0	5010
2.	Net unrealized profit (loss) in open futures contracts traded on a contract market			810,667	5020
3.	Exchange traded options				
	A. Market value of open option contracts purchased on a contract market			519,032	5030
	B. Market value of open option contracts granted (sold) on a contract market			(86,655)	5040
4.	Net equity (deficit) (add lines 1, 2, and 3)			$ 27,700,836	5050
5.	Accounts liquidating to a deficit and accounts with debit balances - gross amount	$ 5,656	5060		
	Less: amount offset by customer owned securities	0	5070	5,656	5080
6.	Amount required to be segregated (add lines 4 and 5)			$ 27,706,492	5090

FUNDS IN SEGREGATED ACCOUNTS

7.	Deposited in segregated funds bank accounts		
	A. Cash	$ 13,598,139	5100
	B. Securities representing investments of customers' funds (at market)	0	5110
	C. Securities held for particular customers or option customers in lieu of cash (at market)	0	5120
8.	Margins on deposit with derivatives clearing organizations of contract markets		
	A. Cash	0	5130
	B. Securities representing investments of customers' funds (at market)	0	5140
	C. Securities held for particular customers or option customers in lieu of cash (at market)	0	5150
9.	Net settlement from (to) derivatives clearing organizations of contract markets	0	5160
10.	Exchange traded options		
	A. Value of open long option contracts	0	5170
	B. Value of open short option contracts	0	5180
11.	Net equities with other FCMs		
	A. Net liquidating equity	25,510,926	5190
	B. Securities representing investments of customers' funds (at market)	0	5200
	C. Securities held for particular customers or option customers in lieu of cash (at market)	0	5210
12.	Segregated funds on hand (describe:)	0	5215
13.	Total amount in segregation (add lines 7 through 12)	$ 39,109,065	5220
14.	Excess (deficiency) funds in segregation (subtract line 6 from line 13)	$ 11,402,573	5230

There are no material differences between the audited computation of net capital above and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2013.

Name of Company:	Employer ID No:	NFA ID No:
MID CO COMMODITIES INC	371085132	0002588

CFTC FORM 1-FR-FCM

STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS

IN SEGREGATION FOR CUSTOMERS' DEALER OPTIONS ACCOUNTS

AS OF 8/31/2013

1. Amount required to be segregated in accordance with Commission regulation 32.6			$ 0	5400
2. Funds in segregated accounts				
A. Cash	$ 0	5410		
B. Securities (at market)	0	5420		
C. Total			0	5430
3. Excess (deficiency) funds in segregation (subtract line 1. from line 2.C.)			$ 0	5440

There are no material differences between the audited computation of net capital above and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2013.

Ernst & Young LLP
155 North Wacker Drive
Chicago, IL 60606-1787

Tel: +1 312 879 2000
Fax: +1 312 879 4000
ey.com

Supplementary Report of Independent Auditors on Internal Control Required by CFTC Regulation 1.16

The Board of Directors
MID-CO Commodities, Inc.

In planning and performing our audit of the financial statements of MID-CO Commodities, Inc. (the Company) as of and for the year ended August 31, 2013, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

As required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding customer and firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the following:

1. The periodic computations of minimum financial requirements pursuant to Regulation 1.17

2. The daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations

3. The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraphs, and to assess whether those practices and procedures can be expected to achieve the CFTC's above-mentioned objectives. Two of the objectives of internal control 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 the preparation of financial statements in conformity with generally accepted accounting principles. Regulation 1.16(d)(2) list additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities and certain regulated commodity customer and firm assets 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 and third paragraphs of this report are considered by the CFTC to be adequate for their purposes in accordance with the Commodity Exchange Act 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, as described in the second and third paragraphs of this report, were adequate at August 31, 2013, to meet the CFTC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the CFTC, the National Futures Association, and other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of registered futures commission merchants, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 7, 2013