

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

MID-CO COMMODITIES, Inc.

Year Ended August 31, 2019

With Report of Independent Registered Public Accounting Firm

## 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: Mark Brummer			
		0040			
		Telephone No:	309-557-6048	0060	
		E-Mail Address:	mbrummer@growmark.com	0065	

1. Report for the period beginning 08/01/2019 0070 and ending 08/31/2019 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	0130
	0140	0160
	0170	0190
	0200	0220
	0230	0250
	0120	
	0150	
	0180	
	0210	
	0240	

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 09/25/2019

Manual signature Electronically submitted through WinJammer

Type or print name Jeffrey Lynch,

☐ Chief Executive Officer☐ Chief Financial Officer

Corporate Title

☐ 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)

MID-CO COMMODITIES, Inc.  
Financial Statements and Supplemental Information  
Year Ended August 31, 2019

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors of MID-CO Commodities, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of MID-CO Commodities, Inc. as of August 31, 2019, the related statements of income, changes in shareholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of MID-CO Commodities, Inc. as of August 31, 2019, 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.

### Basis for Opinion

These financial statements are the responsibility of MID-CO Commodities, Inc. management. Our responsibility is to express an opinion on MID-CO Commodities, Inc. financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to MID-CO Commodities, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Supplemental Information

The supplemental information listed in the accompanying table of contents has been subjected to audit procedures performed in conjunction with the audit of MID-CO Commodities, Inc. financial statements. The supplemental information is the responsibility of MID-CO Commodities, Inc. management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with CFTC Regulation 1.10. In our opinion, the supplemental information listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as MID-CO Commodities, Inc. auditor since 2019.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
October 21, 2019

MID-CO COMMODITIES, Inc.  
Statement of Financial Condition  
August 31, 2019

**Assets**

Current assets:

Cash - general	\$ 6,704
Cash - segregated	13,597,689
Amounts due from brokers - segregated	25,327,922
Amounts due from brokers - not segregated	31,293,219
Notes Receivable - affiliate	2,000,000
Other receivables	543,053
Deferred Income Tax receivable	1,610
Prepaid license	43,200
Total current assets	<u>72,813,397</u>

Ownership in cooperative	137,073
Prepaid license - long-term	57,600
Intangible asset software - net of accumulated amortization of \$83,710	73,247

Total assets	<u><u>\$ 73,081,317</u></u>
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**Liabilities and Shareholders' Equity**

Current liabilities:

Payable to Affiliates	\$ 408,608
Patronage refunds payable in cash	500,000
Payable to customers	29,127,652
Payable to non-customers	31,277,066
Other current liabilities	631,731
Total current liabilities	<u>61,945,057</u>

Shareholders' equity:

Preferred stock	356,500
Common stock	12,300
Retained earnings	10,767,460
Total shareholders' equity	<u>11,136,260</u>

Total liabilities and shareholders' equity	<u><u>\$ 73,081,317</u></u>
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See accompanying notes.

MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

**1. Organization and principal accounting policies**

**a. Organization**

MID-CO COMMODITIES, Inc. (the Company) is a subsidiary of GROWMARK (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. Ownership in cooperative**

Ownership in cooperative is carried at cost, 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.

**d. 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.

MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

**e. Financial instruments**

A majority of the Company's assets and liabilities are considered financial instruments, namely amounts due from brokers and receivables and payable to customers and non-customers, and are reported in the Statement of Financial Condition 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 contracts for the accounts of its customers and non-customers ("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 at least equal 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, 2019, presented as payables to customers and payables to non-customers on the Statement of Financial Condition, were adequate to minimize the risk of material loss that could be created by positions held at that time.

**f. 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 revenues and expenses for financial and tax reporting purposes.

MID-CO COMMODITIES, Inc.

Notes to Financial Statements

**g. Foreign Revenues**

Foreign revenues totaled \$265,424 for the year ended August 31, 2019.

**h. Intangible Asset**

Purchased software, including direct costs of material and services consumed in developing and implementing the internal-use software, is measured at cost net of accumulated amortization. Expenditure on internally utilized software is capitalized when the expenditure qualifies as development activities, otherwise, it is recognized in profit or loss when incurred. Intangible assets with a finite life are amortized on a straight-line basis over their estimated useful lives. For software placed in service on January 1, 2017 with capitalized costs totaling \$156,957, the estimated useful life is 5 years, which is the period of the license to utilize the software. Amortized costs for this internal use software totaled \$31,391 for the year ended August 31, 2019. The following table illustrates the estimated aggregate amortization expense for each of the three succeeding fiscal years:

Year Ending August 31:	Value
2020	31,391
2021	31,391
2022	10,465
	<u>\$ 73,247</u>

**i. Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of good and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017. The Company has assessed the impact and it did not have a material impact on how revenue is recorded in the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), that requires lessees to recognize assets and liabilities on their balance sheets for many leases and recognized expenses on their income statements similar to today's accounting; it does not materially change lessor accounting. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, and interim periods within that year. The Company has evaluated the impact and this did not have a material impact on the financial statements.



MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), that changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, entities will be required to use a new forward-looking “expected loss” model that generally will result in earlier measurement of credit losses than under today’s incurred loss model. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020. The Company is evaluating the impact this will have on its financial statements.

## **2. Customer segregated funds**

Total cash deposits in segregated accounts for customers totaled \$13,597,689 as of August 31, 2019. Amounts segregated for customers' accounts exceeded amounts required to be segregated under the Commodity Exchange Act as of August 31, 2019 by \$9,795,492.

A significant portion of the Company's assets, segregated and non-segregated due from brokers' balances, are held in interest bearing accounts by ADM Investor Services, Inc., the Company's principal clearing broker.

## **3. 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:

MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

- 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 on 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.

MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

**4. Capital stock**

August 31, 2019

Class A Preferred, Series 1, 8% noncumulative, \$25 par value; 10,000 shares authorized, issued and outstanding, wholly owned by the Parent	\$ 250,000
Class C Preferred, nondividend, \$100 par value; 20,000 shares authorized 1,065 shares issued and outstanding	106,500
Total preferred stock	<hr/> 356,500
Common stock, \$100 par value; 500 shares authorized, 123 shares issued and outstanding	<hr/> 12,300
Total capital stock	\$ <u><u>368,800</u></u>

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 (no shares outstanding). 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.

**5. Income taxes**

At August 31, 2019, the Company had a total net deferred income tax asset of \$1,610. 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 state taxes.

MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

The following table identifies key components of income tax expense:

Year Ended August 31, 2019

Current tax expense - federal	\$ 284,599
Current tax expense - state	<u>134,145</u>
Current tax expense – total	418,744
Deferred tax (benefit) expense	<u>(15,082)</u>
	<u><u>\$ 403,662</u></u>

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 on or after August 31, 2016 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.

MID-CO COMMODITIES, Inc.  
Notes to Financial Statements

**6. Related party transactions**

Non-customers are defined as GROWMARK, the Parent of the Company, and affiliates, employees, officers, and directors, which had balances of \$31,277,066 at August 31, 2019. The following table illustrates commissions earned from GROWMARK and its affiliates and individual balances due to GROWMARK and its affiliates for the year ended August 31, 2019:

	<u>Commissions</u>	<u>Payable to non- customers</u>
GROWMARK, Inc.	\$ 986,824	\$ 18,440,876
FS Grain, LLC.	388,540	2,131,652
Western Grain Marketing, LLC.	364,340	3,730,865
Total Grain Marketing, LLC.	237,006	885,273
Great Lakes Grain Partnership	245,609	5,003,838
AgriVisor, LLC.	61,298	875,823
AgriLand FS Grain Marketing, LLC.	19,280	201,762
Ryan Brown	825	4,888
Jeff Lynch	245	1,210
Seedway, LLC.		879
	<u>\$ 2,303,427</u>	<u>\$ 31,277,066</u>

Under a management service agreement with GROWMARK, which may be canceled by either party, the Company is obligated to pay GROWMARK an annual management fee based on actual GROWMARK costs, as defined in the agreement. The fees incurred under this agreement were \$3,478,202 in 2019 and are included in general and administrative expenses. Such fees include costs for payroll related expenses, rent and computer support, among others. At August 31, 2019, outstanding payables to GROWMARK totaled \$408,608.

## MID-CO COMMODITIES, Inc.

### Notes to Financial Statements

At August 31, 2019, the Company had a \$20 million short-term line of credit with GROWMARK to finance margin deposits. The interest rate at August 31, 2019 on the \$20 million line of credit with GROWMARK was equal to the one month Adjusted Eurodollar Rate, as applicable and as defined in the GROWMARK Credit Agreement dated June 12, 2015, as of the close of the last business day of the preceding month, plus the applicable margin for Eurodollar Rate Loans charged to GROWMARK under the Credit Agreement, plus 125 basis points (1.25%) payable by the tenth day of the following month, calculated for the period ending the last day of the month preceding the month of payment. At August 31, 2019, the Company had no borrowings outstanding.

At August 31, 2019, the Company had a \$10 million promissory note extended to GROWMARK to finance working capital needs. The interest rate at August 31, 2019 on the \$10 million line of credit with GROWMARK is the lesser of (i) the 30-day Libor interest rate as of the close of the last business day of the preceding month, plus 50 basis points, or (ii) the Prime Rate minus 50 basis points. This was defined in the GROWMARK Promissory Note dated May 17, 2010. Any change in the rate of interest shall be effective as of the first day of the month. Interest rates on this loan shall also permit the use of fixed rate quotes as may be agreed to in writing between MID-CO COMMODITIES, Inc. and GROWMARK. Interest is payable on the tenth day of the following month, calculated for the period ending the last day of the month preceding the month of payment. At August 31, 2019, the Company had an outstanding line of credit to GROWMARK of \$2 million.

#### **7. 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, 2019, the Company had adjusted net capital of \$8,142,431, exceeding the minimum capital requirements by \$4,322,531.

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

#### **8. Subsequent events**

Subsequent events have been evaluated through October 16, 2019, The Company had no other subsequent events to be disclosed.

SUPPLEMENTAL INFORMATION

## MID-CO COMMODITIES, Inc.

Reconciliation of the Statement of Financial Condition to the Statement  
of the Computation of the Minimum Capital RequirementsAs of August 31, 2019

	<u>Assets</u>
Current assets as reported in the statement of financial position	\$ 72,813,397
Adjustments to current assets in accordance with Commodity Futures Trading Commission Regulation 1.17 (a)(1)(c)(2):	
Unsecured other receivable	(2,539,973)
Non-allowable - other assets	<u>(43,200)</u>
Current assets as shown in the statement of the computation of the minimum capital requirements (Schedule 2)	<u>\$ 70,230,224</u>
	<u>Liabilities</u>
Liabilities as reported in the statement of financial position	61,945,057
Adjustments to liabilities in accordance with Commodity Futures Trading Commission Regulation 1.17 (a)(1)(c)(4):	
Customer deficits (non-current)	<u>2,467</u>
Liabilities as shown in the statement of the computation of the minimum capital requirements (Schedule 2)	<u>\$ 61,947,524</u>



Name of Company: MID CO COMMODITIES INC	Employer ID No: 371085132	NFA ID No: 0002588
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CFTC FORM 1-FR-FCM  
STATEMENT OF THE COMPUTATION OF THE MINIMUM CAPITAL REQUIREMENTS  
AS OF 8/31/2019

Net Capital

1.	Current assets (page 3, line 20)			\$ 70,230,224	3000
2.	Increase/(decrease) to U.S. clearing organization stock to reflect margin value			0	3010
3.	Net current assets			\$ 70,230,224	3020
4.	Total liabilities (page 5, line 32)		\$ 61,947,524		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))	0			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.)		0		3080
F.	Adjusted liabilities (subtract line 5.E from line 4)			61,947,524	3090
6.	Net capital (subtract line 5.F. from line 3)			\$ 8,282,700	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			466	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

MID-CO COMMODITIES, Inc.

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:

	<u>Market Value</u>		<u>Charge</u>	
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			139,803	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)			\$ 140,269	3440

MID-CO COMMODITIES, Inc.

Net Capital Computation

21. Adjusted net capital (subtract line 20 from line 6)				\$ 8,142,431	3500
22. Net capital required					
A. Risk Based Requirement					
i Amount of Customer Risk Maintenance Margin	\$ 24,088,707	3515			
ii Enter 8% of line 22.A.i			\$ 1,927,097	3525	
iii Amount of Non-Customer Risk Maintenance Margin	\$ 23,660,033	3535			
iv Enter 8% of line 22.A.iii			\$ 1,892,803	3545	
v Enter the sum of 22.A.ii and 22.A.iv			\$ 3,819,900	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.				\$ 3,819,900	3600
23. Excess net capital (line 21 less line 22.D.)				\$ 4,322,531	3610

Computation of Early Warning Level

24. If the Minimum Net Capital Requirement computed on line D (Box 3600) is:				\$ 4,201,890	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 for FCMs offering or engaging in retail forex transaction or Retail Foreign Exchange Dealers ("RFED"), as calculated on line 11.F (8210) of Exchange Supplementary Schedule, 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. See Attached					3650
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There are no material differences between the audited Statement of Computation of the Minimum Capital Requirements and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2019, as filed on September 25, 2019.

Name of Company: MID CO COMMODITIES INC	Employer ID No: 371085132	NFA ID No: 0002588
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CFTC FORM 1-FR-FCM  
STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION  
FOR CUSTOMERS TRADING ON U.S. COMMODITY EXCHANGES  
AS OF 8/31/2019

SEGREGATION REQUIREMENTS (Section 4d(2) of the CEA Act)

1. Net ledger balance			
A. Cash		\$ (1,584,435)	5000
B. Securities (at market)		0	5010
2. Net unrealized profit (loss) in open futures contracts traded on a contract market		30,617,217	5020
3. Exchange traded options			
A. Market value of open option contracts purchased on a contract market		338,386	5030
B. Market value of open option contracts granted (sold) on a contract market		(243,516)	5040
4. Net equity (deficit) (add lines 1, 2, and 3)		\$ 29,127,652	5050
5. Accounts liquidating to a deficit and accounts with debit balances - gross amount	\$ 2,467	5060	
Less: amount offset by customer owned securities	0	5070	2,467 5080
6. Amount required to be segregated (add lines 4 and 5)		\$ 29,130,119	5090

FUNDS IN SEGREGATED ACCOUNTS

7. Deposited in segregated funds bank accounts			
A. Cash		\$ 13,597,689	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		25,327,922	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)		\$ 38,925,611	5220
14. Excess (deficiency) funds in segregation (subtract line 6 from line 13)		\$ 9,795,492	5230
15. Management Target Amount Excess funds in segregation		\$ 5,138,000	5240
16. Excess (deficiency) funds in segregation over (under) Management Target Amount Excess		\$ 4,657,492	5250

There are no material differences between the audited Statement of Ugtgi cvkqp'Tgs wltgo gpw'cpf 'Hwpf u'lp"  
Ugi tgi cvkqp'hqt'Ewunqo gtu'Vtcf lpi "qp'WUUEqo o qf kx 'Gzej cpi gu'cpf 'vj cvtgr qtvgf "d{ 'vj g'Ego r cp{ 'lp'vj g"  
wpcwf kgf 'Hlqo "3/HI/HEO "cu'qh'Cwi wuv'53."423; ."cu'hkgf "on September 25, 2019.

MID-CO COMMODITIES, Inc.

Schedule IV

Name of Company: MID CO COMMODITIES INC	Employer ID No: 371085132	NFA ID No: 0002588
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CFTC FORM 1-FR-FCM  
STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS  
IN SEGREGATION FOR CUSTOMERS' DEALER OPTIONS ACCOUNTS  
AS OF 8/31/2019

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 Statement of Segregation Requirements and Funds in Segregation for Customers' Dealers Options Accounts and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2019, as filed on September 25, 2019.

# MID-CO COMMODITIES, Inc.

## Schedule V

Name of Company: MID CO COMMODITIES INC	Employer ID No: 371085132	NFA ID No: 0002588
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### CFTC FORM 1-FR-FCM STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS PURSUANT TO COMMISSION REGULATION 30.7 AS OF 8/31/2019

#### FOREIGN FUTURES AND FOREIGN OPTIONS SECURED AMOUNTS

Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder		\$ 0	5605
1.	Net ledger balance - Foreign Futures and Foreign Option Trading - All Customers		
	A. Cash	\$ 0	5615
	B. Securities (at market)	\$ 0	5617
2.	Net unrealized profit (loss) in open futures contracts traded on a foreign board of trade	\$ 0	5625
3.	Exchange traded options		
	A. Market value of open option contracts purchased on a foreign board of trade	\$ 0	5635
	B. Market value of open option contracts granted (sold) on a foreign board of trade	\$ 0	5637
4.	Net equity (deficit) (add lines 1, 2, and 3)	\$ 0	5645
5.	Accounts liquidating to a deficit and accounts with debit balances - gross amount	\$ 0	5651
	Less: amount offset by customer owned securities	\$ 0	5652
		\$ 0	5654
6.	Amount required to be set aside as the secured amount - Net Liquidating Equity Method (add lines 4 and 5)	\$ 0	5655
7.	Greater of amount required to be set aside to a foreign jurisdiction (above) or line 6.	\$ 0	5660

There is no material differences between the audited Statement of Secured Amounts and Funds Held in Separate Accounts Pursuant to Commission Regulation 30.7 and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2019, as filed on September 25, 2019.

MID-CO COMMODITIES, Inc.

Schedule V

Name of Company: MID CO COMMODITIES INC	Employer ID No: 371085132	NFA ID No: 0002588
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CFTC FORM 1-FR-FCM  
STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS  
PURSUANT TO COMMISSION REGULATION 30.7  
AS OF 8/31/2019

FUNDS DEPOSITED IN SEPARATE REGULATION 30.7 ACCOUNTS

1. Cash in Banks					
A.	Banks located in the United States		\$ 0	5700	
B.	Other banks qualified under Regulation 30.7				
	Name(s): _	5710	0	5720	\$ 0 5730
2. Securities					
A.	In safekeeping with banks located in the United States		\$ 0	5740	
B.	In safekeeping with other banks qualified under Regulation 30.7				
	Name(s): _	5750	0	5760	0 5770
3. Equities with registered futures commission merchants					
A.	Cash		\$ 0	5780	
B.	Securities		0	5790	
C.	Unrealized gain (loss) on open futures contracts		0	5800	
D.	Value of long option contracts		0	5810	
E.	Value of short option contracts		0	5815	0 5820
4. Amounts held by clearing organizations of foreign boards of trade					
	Name(s): _	5830			
A.	Cash		\$ 0	5840	
B.	Securities		0	5850	
C.	Amount due to (from) clearing organization - daily variation		0	5860	
D.	Value of long option contracts		0	5870	
E.	Value of short option contracts		0	5875	0 5880
5. Amounts held by members of foreign boards of trade					
	Name(s): _	5890			
A.	Cash		\$ 0	5900	
B.	Securities		0	5910	
C.	Unrealized gain (loss) on open futures contracts		0	5920	
D.	Value of long option contracts		0	5930	
E.	Value of short option contracts		0	5935	0 5940
6. Amounts with other depositories designated by a foreign board of trade					
	Name(s): _	5950			0 5960
7. Segregated funds on hand (describe): _					0 5965
8. Total funds in separate section 30.7 accounts					\$ 0 5970
9. Excess (deficiency) Set Aside Funds for Secured Amount (Subtract line 7 Secured Statement Page 1 from line 8)					\$ 0 5680
10. Management Target Amount for Excess funds in separate 30.7 accounts					0 5980
11. Excess (deficiency) funds in separate 30.7 accounts over (under) Management Target Excess					0 5985

There is no material differences between the audited Statement of Secured Amounts and Funds Held in Separate Accounts Pursuant to Commission Regulation 30.7 and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2019, as filed on September 25, 2019.

SUPPLEMENT TO  
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER:

as of: 08/31/2019

STATEMENT OF CLEARED SWAPS SEGREGATION REQUIREMENTS AND  
FUNDS IN CLEARED SWAPS CUSTOMER ACCOUNTS UNDER 4D(F) OF THE CEA

**Cleared Swaps Customer Requirements**

1. Net ledger balance			
A. Cash		\$ 0	8500
B. Securities (at market)		0	8510
2. Net unrealized profit (loss) in open cleared swaps		0	8520
3. Cleared swaps options			
A. Market value of open cleared swaps option contracts purchased		0	8530
B. Market value of open cleared swaps granted (sold)		0	8540
4. Net equity (deficit) (add lines 1, 2 and 3)		0	8550
5. Accounts liquidating to a deficit and accounts with debit balances			
- gross amount	\$ 0	8560	
Less: amount offset by customer securities	0	8570	0 8580
6. Amount required to be segregated for cleared swaps customers (add lines 4 and 5)			0 8590

**Funds in Cleared Swaps Customer Segregated Accounts**

7. Deposited in cleared swaps customer segregated accounts at banks			
A. Cash		\$ 0	8600
B. Securities representing investments of cleared swaps customers' funds (at market)		0	8610
C. Securities held for particular cleared swaps customers in lieu of cash (at market)		0	8620
8. Margins on deposit with derivatives clearing organizations in cleared swaps customer segregated accounts			
A. Cash		0	8630
B. Securities representing investments of cleared swaps customers' funds (at market)		0	8640
C. Securities held for particular cleared swaps customers in lieu of cash (at market)		0	8650
9. Net settlement from (to) derivatives clearing organizations		0	8660
10. Cleared swaps options			
A. Value of open cleared swaps long option contracts		0	8670
B. Value of open cleared swaps short option contracts		0	8680
11. Net equities with other FCMs			
A. Net liquidating equity		0	8690
B. Securities representing investments of cleared swaps customers' funds (at market)		0	8700
C. Securities held for particular cleared swaps customers in lieu of cash (at market)		0	8710
12. Cleared swaps customer funds on hand (describe: )		0	8715
13. Total amount in cleared swaps customer segregation (add lines 7 through 12)		0	8720
14. Excess (deficiency) funds in segregation (subtract line 6 from line 13)		\$ 0	8730
15. Management target Amount for Excess funds in cleared swaps segregated accounts		\$ 0	8760
16. Excess (deficiency) funds in cleared swaps customer segregation over (under) Management Target Excess		\$ 0	8770

There is no material differences between the audited Statement of Cleared Swaps Segregation Requirements and Funds in Cleared Swaps Customer Accounts Under 4D(F) of the CEA and that reported by the Company in the unaudited Form 1-FR-FCM as of August 31, 2019, as filed on September 25, 2019.