

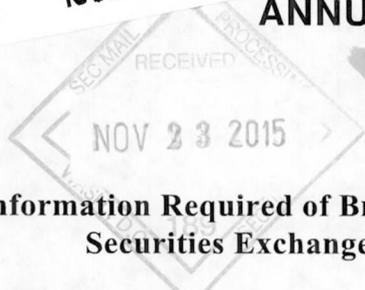


UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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



SEC FILE NUMBER
8-69177

**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 10/01/14 AND ENDING 09/30/15
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FNC Ag Stock, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4050 Garden View Drive, Suite 103
(No. and Street)
Grand Forks ND 58201
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jayson Menke 701-780-2828
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Eide Bailly LLP
(Name - if individual, state last, first, middle name)
800 Nicollet Mall, Ste. 1300 Minneapolis MN 55402-7033
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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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)

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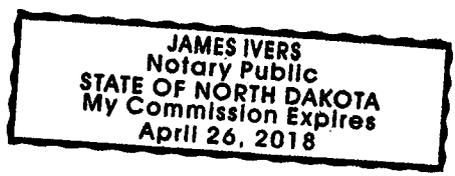
OATH OR AFFIRMATION

I, Jayson Menke, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FNC Ag Stock, LLC, as of November 19, 20 15, 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:

[Signature]

Notary Public

[Signature]
Signature
Chief Executive Officer
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 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

FNC AG STOCK, LLC

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Report of Independent Registered Public Accounting Firm

To the Managing Managers
FNC Ag Stock, LLC
Grand Forks, North Dakota

We have audited the accompanying statement of financial condition of FNC Ag Stock, LLC (the Company), as of September 30, 2015, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. The Company's management is responsible for this financial statement. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 statement referred to above presents fairly, in all material respects, the financial condition of FNC Ag Stock, LLC as of September 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Minneapolis, Minnesota
November 19, 2015

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FNC AG STOCK, LLC

STATEMENT OF FINANCIAL CONDITION AS OF SEPTEMBER 30, 2015

	2015
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 348,643
Other current assets	<u>1,346</u>
Total current assets	<u>349,989</u>
TRADING SERVICE CONTRACTS — Net of accumulated amortization of \$56,875 and \$29,575, respectively	<u>79,625</u>
TOTAL	<u><u>\$ 429,614</u></u>
LIABILITIES AND MEMBER'S EQUITY	
CURRENT LIABILITIES:	
Commissions payable	29,271
Deferred revenue	<u>41,526</u>
Total current liabilities	<u>70,797</u>
COMMITMENTS, CONTINGENCIES AND GUARANTEES (Note 7)	
MEMBER'S EQUITY:	
Farmers National Company Member's equity	<u>358,817</u>
Total member's equity	<u>358,817</u>
TOTAL	<u><u>\$ 429,614</u></u>

See notes to financial statement.

FNC AG STOCK, LLC

NOTES TO FINANCIAL STATEMENT AS OF SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — FNC Ag Stock, LLC (the “Company”) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). The Company is a Delaware Limited Liability Company. Operations for FNC Ag Stock, LLC began on August 27, 2013. FNC Ag Stock, LLC is a wholly owned entity of Farmers National Company (the “Parent”) which is a wholly owned subsidiary of FNC, Inc. The Company’s limited liability company agreement defines the period of the duration. The agreement states the Company’s continuation as a limited liability company is dependent upon the existence of the member of the LLC. The Company maintains a special account for the exclusive benefit of customers. Therefore, the Company is exempt from the provisions of the SEC Rule 15c3-3 under paragraph (k)(2)(i).

FNC Ag Stock, LLC operates an alternative trading service for the secondary trading of securities issued by cooperatives and limited partnerships in the agricultural and energy sectors. The Company runs a qualified matching service. The Company has three individuals who serve as agents. Furthermore, the Company has an agreement in place with an escrow agent. The escrow agent is responsible for holding the purchasers’ funds and distributing commissions and remaining sales price to the Company and the sellers, respectively.

Use of Estimates — In preparing the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents — The Company considers all instruments with an original maturity of three months or less when purchased to be cash equivalents.

Trading Service Contracts — Trading service contracts represent the agreements with issuers of securities purchased from Alerus Securities Corporation (Alerus). The contracts were purchased July 1, 2013. The purchase price for the contracts is amortized on a straight-line basis over a five-year period. The Company estimates that amortization expense will be approximately \$27,300 in fiscal year 2016, approximately \$27,300 in fiscal year 2017, and approximately \$25,025 in fiscal year 2018. Recoverability of these assets is evaluated periodically based upon management’s estimate of future operating income of the contracts acquired.

Trading service contracts are evaluated for potential impairment when business circumstances related to the underlying contracts change. Impairment of intangible assets subject to amortization, occurs when the undiscounted cash flows expected to result from the asset is less than the carrying value. If impaired, an asset is written down to its fair value.

Annually, the issuers of the securities pay an annual fee as part of the contract. The fee is recorded as deferred revenue and the related revenues are recognized each month throughout the year.

Commissions — Commission revenues and related commission expenses are recorded on a trade-date basis as transactions are approved by the board of directors of the company issuing the units.

Concentration of Credit Risk – The Company’s cash balances are maintained in a bank deposit account, the balance of which may periodically exceed federally insured limits.

Income Taxes — The Company is operating as a limited liability company and, consequently, earnings pass through to the members and are taxed at the member level. Accordingly, no federal or state income tax provision has been included in these financial statements. If the Company were subject to income taxes, interest, and penalties, any would be recorded in federal income tax expense. Open tax years are the periods ended September 30, 2015, 2014 and 2013.

Subsequent Events – The Company has evaluated subsequent events through November 19, 2015, the date the financial statements were available to be issued.

Future Adoption of New Accounting Pronouncements – In May 2014, the FASB issued a comprehensive new revenue recognition standard (ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*), effective retrospectively for fiscal years beginning after December 15, 2017. Early adoption of this standard is not permitted. The new guidance will supersede nearly all existing revenue recognition guidance; however, it will not impact the accounting for insurance contracts, leases, financial instruments and guarantees. For those contracts that are impacted by the new guidance, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to, in exchange for those goods or services. The Company is currently evaluating the impact of this guidance on its financial statements.

2. COMMISSIONS PAYABLE

Commissions are paid to the agents and Alerus. The payable at September 30, 2015 consists of \$3,000 payable to agents and \$26,271 payable to Alerus.

3. DEFERRED REVENUE

Issuers with trading service contracts pay an annual fee to the Company for the services provided. The annual payment is received on the anniversary of the trading service contract. The payment represents services for one year after the payment is made. Revenue for these payments is recognized on a monthly basis with the balance of the contract considered deferred revenue.

4. RELATED PARTY TRANSACTIONS

The Company has transactions with its Parent, including rent and the performance of administrative services. There is an expense sharing agreement in place between the Company and its Parent. There was not a payable to member as of September 30, 2015. The expense sharing agreement expired as of September 30, 2015. The expense sharing agreement has not been renewed as of November 19, 2015, the date the financial statements were available to be issued.

5. LEASE OBLIGATIONS

Operating leases — the Company leases office space from its Parent. The lease automatically renews annually with an option to give a 30 day notice. The lease is accounted for as an operating lease.

Future minimum operating lease commitments are as follows:

2016	\$	10,087
2017		-
2018		-
2019		-
2020		-
Thereafter		-
		<hr/>
	\$	<u>10,087</u>

6. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital. FNC Ag Stock, LLC is required to maintain “adjusted net capital” equivalent to the greater of \$5,000 or 6 2/3% of aggregated indebtedness. At September 30, 2015 the Company had net capital of \$277,846, which was \$272,846 in excess of its required net capital of \$5,000.

7. COMMITMENTS, CONTINGENCIES AND GUARANTEES

As part of the purchase of the contracts from Alerus, the Company has agreed to pay Alerus quarterly earn out payments for the first sixteen full calendar quarters from the closing date on the purchase of the contracts. The payments are 37.5% of the securities commissions earned by the Company during each quarter as a result of transactions in securities issued by organizations that have entered into agreements with FNC Ag Stock, LLC. The payout to Alerus is effective through September 30, 2017.

The Company is involved in various legal matters from time to time. Management is of the opinion none of these other legal actions will result in losses material to the financial position, results of operations, or cash flows of the Company.



**Independent Accountant's Agreed-Upon Procedures Report on
Schedule of Assessment and Payments (Form SIPC-7)**

Managing Managers
FNC Ag Stock, LLC
Grand Forks, North Dakota

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended September 30, 2015, which were agreed to by FNC Ag Stock, LLC (the Company), and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of Form SIPC-7. The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended September 30, 2015, as applicable, with the amounts reported in Form SIPC-7 for the year ended September 30, 2015, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

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We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Minneapolis, Minnesota
November 19, 2015