

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- 66675

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

*Handwritten:* 3/10/15

REPORT FOR THE PERIOD BEGINNING 01/01/2014 AND ENDING 12/31/2014  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: MIDDLE MARKET TRANSACTIONS, INC.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

158 W. Prairie Ave. Suite 108

(No. and Street)

Decatur

IL

62523

(City)

(State)

(Zip Code)

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

Patrick C. Nolan

217-429-0202

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Richardson, Edward Jr.

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

15565 Northland Drive, Suite 508

Southfield

MI

48075

(Address)

(City)

SECURITIES AND EXCHANGE COMMISSION

FEB 27 2015

DIVISION OF TRADING & MARKETS

**CHECK ONE:**

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

**FOR OFFICIAL USE ONLY**

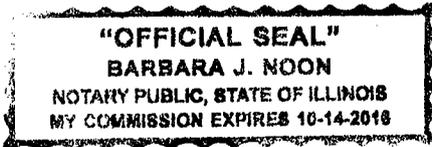
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten:* 2/13/15

OATH OR AFFIRMATION

I, Patrick. C. Nolan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Middle Market Transactions, Inc., as of December 31, 2014, 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:

N/A



Patrick C. Nolan

Signature

President & CCO

Title

Barbara J. Noon

Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

*Edward Richardson Jr., CPA  
15565 Northland Dr W Ste 508  
Southfield, MI 48075  
248-559-4514*

## Independent Auditor's Report

Board of Directors  
Middle Market Transactions, Inc.  
158 West Prairie Avenue  
Decatur , IL 62523

### **Report on the Financial Statements**

I have audited the accompanying statement of financial condition of Middle Market Transactions, Inc. as of December 31, 2014 and the related statements of income, changes in stockholder's equity, changes in liabilities to claims of general creditors, and cash flows for the year ended. These financial statements are the responsibility of Middle Market Transactions, Inc. management. My responsibility is to express an opinion on these financial statements based on my audit.

### **Auditor's Responsibility**

I conducted this audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middle Market Transactions, Inc. as of December 31, 2014, and results of its operations and its cash flows to the year then ended in conformity with accounting principles generally accepted in the United States.

### **Other Matters**

The Net Capital Computation has been subjected to audit procedures performed with audit of Middle Market Transactions, Inc. financial statements. The Net Capital Computation is the responsibility of Middle Market Transactions, Inc.'s management. My audit procedures included determining whether the Net Capital Computation 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 Net Capital Computation. In forming my opinion on the Net Capital Computation, I evaluated whether the Net Capital Computation, including its form and content is presented in conformity 17 C.F.R. § 240 17a-5. In my opinion, the Net Capital Computation is fairly

stated, in all material respects, in relation to the financial statements as a whole.

*Edward Richardson Jr. CPA*

Edward Richardson Jr., CPA  
Southfield, MI. 48075  
February 16, 2015

11:49 AM  
01/20/15  
Accrual Basis

**Middle Market Transactions, Inc.**  
**Balance Sheet**  
As of December 31, 2014

	<u>Dec 31, 14</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Busey Bank	61,584.78
Total Checking/Savings	<u>61,584.78</u>
Total Current Assets	<u>61,584.78</u>
<b>TOTAL ASSETS</b>	<u><u>61,584.78</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Equity	73,137.62
Retained Earnings	2,659.34
Net Income	-14,212.18
Total Equity	<u>61,584.78</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>61,584.78</u></u>

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01/20/15  
Accrual Basis

**Middle Market Transactions, Inc.**  
**Profit & Loss**  
January through December 2014

	<u>Jan - Dec 14</u>
Income	0.00
Expense	
Computer Services	75.00
Insurance Expense	1,472.00
Licenses & Fees	149.69
Office expense	92.43
Postage	30.03
Professional Fees	6,600.00
Regulatory Fees	3,022.67
Rent	2,700.00
Telephone Expense	70.36
Total Expense	<u>14,212.18</u>
Net Income	<u><u>-14,212.18</u></u>

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01/20/15

**Middle Market Transactions, Inc.**  
**Statement of Cash Flows**  
All Transactions

	<u>Dec 31, 14</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	-11,552.84
Net cash provided by Operating Activities	-11,552.84
<b>FINANCING ACTIVITIES</b>	
Equity	73,137.62
Net cash provided by Financing Activities	73,137.62
Net cash increase for period	61,584.78
Cash at end of period	<u>61,584.78</u>

**MIDDLE MARKET TRANSACTIONS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Common Stock		Paid-in Capital		Treasury Stock		Retained Earnings	Total Stockholder's Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount
Balance at January 1, 2014	1,000	\$ 1,000	1,000	\$ 73,889	-	\$ -	\$ 907	\$ 75,796
Net Income	-	-	-	-	-	-	(14,212)	(14,212)
Capital Transactions	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-
Balance at December 31, 2014	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 73,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,305)</u>	<u>\$ 61,584</u>

**MIDDLE MARKET TRANSACTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

Accounting principles followed by the Company and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:

Organization

Middle Market Transactions, Inc. (the Company) was incorporated in the State of Illinois effective August 11, 2004 and subsequently elected “S” Corporation status for federal income tax purposes. The Company has adopted a calendar year.

Description of Business

The Company, located in Decatur, Illinois, is a broker and dealer in securities registered with the Securities and Exchange Commission (“SEC”) and is a member of FINRA. The Company operates under SEC Rule 15c3-3(k)(2)(i), which provides that the company maintain a Special Account for the Benefit of Customers.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Company considers as cash all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Recognition of Bad Debt

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

Revenue Recognition

Commission revenues are recorded by the Company on the transaction date reported by the escrow agent through submitted closing agreements.

Income taxes

Effective August 11, 2004, the Company elected “S” corporation status for federal income tax purposes. Under “S” corporation regulations, net income or loss is reportable for tax purposes by the shareholders. Accordingly, no federal income taxes are included in the accompanying financial statements.

See accountant’s audit report

**MIDDLE MARKET TRANSACTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

Fair Value of Financial Instruments

Financial instruments that are subject to fair value disclosure requirements are carried in the financial statements at an amount that approximates fair value and include cash and cash equivalents. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

Comprehensive Income

Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes requirements for disclosure of comprehensive income that includes certain items previously not included in the statement of income, including unrealized gains and losses on available-for-sales securities and foreign currency translation adjustment among others. During the year ended December 31, 2014, the Company did not have any components of comprehensive income to report.

Estimates

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

Concentrations

The concentration is services; the company specializes in the sale of securities.

**NOTE B – NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

There were no material differences in the net amount reported as Net Capital in the audited Computation of Net Capital and the broker-dealer's corresponding unaudited Part IIA of the FOCUS report required under Rule 15c3-1.

**NOTE C – POSSESSION OR CONTROL REQUIREMENTS**

The Company does not have any possession or control of customer's funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of SEC Rule 15c-3-3(k)(2)(i) by promptly transmitting all customer funds to the escrow agent who wires the funds to the Company's bank account.

See accountant's audit report

**MIDDLE MARKET TRANSACTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE D - RELATED PARTY TRANSACTION**

The Company has a sublease and administrative service agreement with a company with common ownership (related party). The agreement may be terminated by either party as of the end of any month.

**NOTE E – RENT**

The Company has a sublease and administrative service agreement with a company under common ownership (related party). The agreement may be terminated by either party as of the end of any month. Under the agreement, the company will pay the related party, on a monthly basis, \$150 to sublease office space, \$300 for administrative services and reimburse it for expenses paid on the Company's behalf. The rent expense for the year was \$2,700.00.

**NOTE G – SIPC RECONCILIATION**

SEA Rule 17a-5(e)(4) requires a registered broker-dealer to file a supplemental report which includes procedures related to the broker-dealers SIPC annual general assessment reconciliation or exclusion-from-membership forms. In circumstances where the broker-dealer reports \$500,000 or less in gross revenues, they are not required to file the supplemental SIPC report. The Company is exempt from filing the supplemental report under SEA Rule 17a-5(e)(4) because it is reporting less than \$500,000 in gross revenue.

**NOTE H – SUBSEQUENT EVENT**

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through February 16, 2015,, which is the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Supplementary**  
**Pursuant to rule 17a-5 of the**  
**Securities and Exchange Act of 1934**  
**As of and for the Year Ended December 31, 2014**

**Middle Market Transactions, Inc.**  
**Supplemental Schedules Required by Rule 17a-5**  
**As of and for the year ended December 31, 2014**

**Computation of Net Capital**

Total Stockholder's equity:		\$ 61,585.00
Nonallowable assets:		
Property and equipment	0.00	
Accounts receivable – other	<u>0.00</u>	0.00
Other Charges		
Haircuts	0.00	
Undue Concentration	<u>0.00</u>	<u>0.00</u>
Net allowable capital		\$ 61,585.00

**Computation of Basic Net Capital Requirement**

Minimum net capital required as a percentage of aggregate indebtedness	<u>\$ 0.00</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000.00</u>
Net capital requirement	<u>\$ 5,000.00</u>
Excess net capital	<u>\$ 56,585.00</u>

**Computation of Aggregate Indebtedness**

Total Aggregate Indebtedness	<u>\$ 0.00</u>
Percentage of aggregate indebtedness to net capital	<u>0.10%</u>

**Reconciliation of the Computation of Net Capital Under Rule 15c3-1**

Computation of Net Capital reported on FOCUS IIA as of December 31, 2014	\$ 61,585.00
Adjustments:	
Change in Equity (Adjustments)	0.00
Change in Non-Allowable Assets	0.00
Change in Charges to NCC	<u>0.00</u>
NCC per Audit	<u>61,585.00</u>
Reconciled Difference	<u>\$ (0.00)</u>

See accountant's audit report

**Middle Market Transactions, Inc.**  
**Supplemental Schedules Required by Rule 17a-5**  
**As of and for the year ended December 31, 2014**

**Exemptive Provisions Rule 15c3-3**

The Company is exempt from Rule 15c3-3 because it maintains a Special Account for the Benefit of Customers.

**Statement of Changes in Liabilities Subordinated to the Claims of General Creditors**

Balance of such claims at January 1, 2014	\$ -
Additions	-
Reductions	-
Balance of such claims at December 31, 2014	<u>\$ -</u>

See accountant's audit report

**REPORT ON BROKER DEALER EXEMPTION**

**For the year ended December 31, 2014**

See accountant's audit report

Edward Richardson, Jr., CPA  
15565 Northland Suite 508 West  
Southfield, MI. 48075

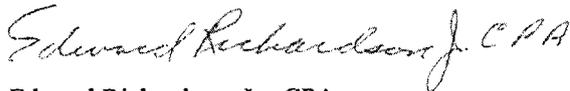
February 16, 2015

Board of Directors  
Middle Market Transactions, Inc.  
158 W. Prairie Avenue  
Decatur, IL 62523

I have reviewed management's statements, included in the accompanying Representation Letter of Exemptions in which (1) Middle Market Transactions, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Middle Market Transactions, Inc. claimed an exemption from 17 C.F.R. § 15c3-3(k)(2)(ii), and (2) Middle Market Transactions, Inc. stated that Middle Market Transactions, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Middle Market Transactions, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Middle Market Transactions, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I'm not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.



Edward Richardson, Jr., CPA



MIDDLE MARKET  
TRANSACTIONS, INC.

Member FINRA/SIPC

*'Stock Sale' transfer of middle market businesses*

February 23, 2015

Edward Richardson, Jr. CPA  
15565 Northland Drive  
Suite 508 West  
Southfield, MI 48075

RE: Exemption Statement Rule 15c3-3 (k) (2) (ii) for FYE December 31, 2014

Dear Mr. Richardson:

Please be advised that Middle Market Transactions, Inc. has complied with Exemption Rule 15c3-3 (k) (2) (ii), for the period of January 1, 2014 through December 31, 2014. Middle Market Transactions, Inc. did not hold customer securities or funds at any time during this period and does business on a limited basis. Middle Market Transactions, Inc.'s past business has been of similar nature and has complied to this exemption since its inception, April 18, 2005.

Patrick C. Nolan, the President and CCO of Middle Market Transactions, Inc. has made available to Edward Richardson all records and information including all communications from regulatory agencies received through the date of this review December 31, 2014.

Patrick C. Nolan has been responsible for compliance with the exemption provision throughout the fiscal year. Also, there were not any known events or other factors that might have affected Middle Market Transactions, Inc.'s compliance with this exemption.

If you would like additional information or have any questions, feel free to call me directly at (217) 429-0202.

Very truly yours,

Middle Market Transactions, Inc.

*Patrick C. Nolan*

President and Chief Compliance Officer