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

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

OMB APPROVAL
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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 01/01/13 AND ENDING 12/31/13
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Tidal Group, Inc.

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

5501 Mid Cities Parkway, Suite 100

(No. and Street)

Schertz

(City)

Texas

(State)

78154

(Zip Code)

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

Lee Novikoff

210-659-1446

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BKD, LLP

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

10001 Reunion Place, Suite 400 San Antonio

(Address)

(City)

Texas

(State)

78216

(Zip Code)

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)

SEC 1410 (06-02)

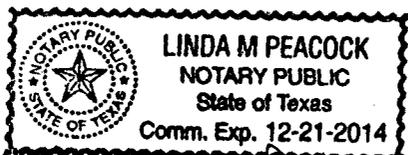
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11/14/14

OATH OR AFFIRMATION

I, Lee Novikoff, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Tidal Group, Inc., as of December 31, 2013, 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:

NONE



Linda M. Peacock
Notary Public

[Signature]
Signature
President
Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 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).

**Report of Independent Registered Public Accounting Firm on
Applying Agreed-Upon Procedures
Related to an Entity's SIPC Assessment Reconciliation**

Board of Directors
The Tidal Group, Inc.

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 [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by The Tidal Group, Inc., 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 Tidal Group, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Tidal Group, Inc.'s management is responsible for The Tidal Group, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 by obtaining the check copy for the 2011 payment dated July 14, 2010, payable to SIPC noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, noting no differences;
3. Noted no adjustments to be reported in Form SIPC-7;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the listing of assessment payments noting no differences;
5. Compared the amount of overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

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.

BKD, LLP

San Antonio, Texas
February 7, 2014

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31/2013

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

048809 FINRA DEC
THE TIDAL GROUP INC 17*17
5501 MID CITIES PKWY STE 100
SCHERTZ TX 78154-1386

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Linda Peacock 210-659-1446

- 2. A. General Assessment (item 2e from page 2) \$ 0.00
- B. Less payment made with SIPC-6 filed (exclude interest) (_____)
- Date Paid _____
- C. Less prior overpayment applied - **Paid on 07-14-2010** (150.00)
- D. Assessment balance due or (overpayment) (150.00)
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum _____
- F. Total assessment balance and interest due (or overpayment carried forward) \$(150.00)
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ _____
- H. Overpayment carried forward \$(150.00)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

The Tidal Group, Inc.

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

President

(Title)

Dated the 17th day of January, 20 14.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Dates: _____
Postmarked Received Reviewed

Calculations _____ Documentation _____ Forward Copy _____

Exceptions: _____

Disposition of exceptions: _____

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2013
and ending 12/31/2013

Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9. Code 4030)

\$ 6,461,579

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

(2) Net loss from principal transactions in securities in trading accounts.

(3) Net loss from principal transactions in commodities in trading accounts.

(4) Interest and dividend expense deducted in determining item 2a.

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

(8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

Private Placement Oil & Gas Direct Participation Programs Only

\$ 6,461,579

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ _____

Enter the greater of line (i) or (ii)

Total deductions

\$ 6,461,579

2d. SIPC Net Operating Revenues

\$ 0.00

2e. General Assessment @ .0025

\$ 0.00

(to page 1, line 2.A.)

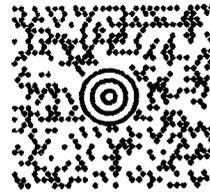
The Tidal Group, Inc.

Report of Independent Registered Public Accounting Firm
and Financial Statements

December 31, 2013

Filed Pursuant to Rule 17a-5(e)(3) as a Public Document

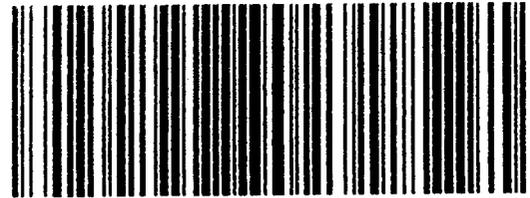
SHIP TO:
REGISTRATION BRANCH
(202) 551-6551
SEC AND EXCHANGE COMM HDQTR
MAIL STOP 8031
100 F STREET, NE
WASHINGTON DC 20549



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45.0A 10/2013



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| Tracking Number: | 1Z0RW7851375220953 |
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| Shipped/Billed On: | 02/18/2014 |
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| Delivered To: | WASHINGTON, DC, US |
| Signed By: | DARREN |
| Left At: | Inside Delivery |

Thank you for giving us this opportunity to serve you.

Sincerely,

UPS

Tracking results provided by UPS: 02/19/2014 5:55 P.M. ET

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The Tidal Group, Inc.

Report of Independent Registered Public Accounting Firm
and Financial Statements

December 31, 2013

Filed Pursuant to Rule 17a-5(e)(3) as a Public Document

The Tidal Group, Inc.

Report of Independent Registered Public Accounting Firm
and Financial Statements

December 31, 2013

Filed Pursuant to Rule 17a-5(e)(3) as a Public Document

The Tidal Group, Inc.
December 31, 2013

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Report of Independent Registered Public Accounting Firm

Board of Directors
The Tidal Group, Inc.

We have audited the accompanying financial statements of The Tidal Group, Inc., which comprise the statement of financial condition as of December 31, 2013, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 The Tidal Group, Inc., as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information contained on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

San Antonio, Texas
February 7, 2014

The Tidal Group, Inc.
Statement of Financial Condition
December 31, 2013

Assets

Current Assets

| | |
|----------------------------|------------|
| Cash and cash equivalents | \$ 240,335 |
| Prepaid expenses and other | 105,174 |
| Deferred tax asset | 1,627 |
| | 347,136 |

**Property and Equipment, at Cost, Less Accumulated
Depreciation of \$100,032**

4,390

Other

150

\$ 351,676

Liabilities and Stockholder's Equity

Current Liabilities

| | |
|---------------------------------------|-----------|
| Accounts payable and accrued expenses | \$ 15,479 |
| Federal income tax payable | 12,116 |
| | 27,595 |

Stockholder's Equity

| | |
|---|---------|
| Common stock, no par value; 1,000,000 shares authorized, 156,000 shares issued and outstanding | 31,200 |
| Retained earnings | 292,881 |
| | 324,081 |

\$ 351,676

The Tidal Group, Inc.
Statement of Income
Year Ended December 31, 2013

| | |
|--|-----------------------------|
| Revenues | |
| Fee income | \$ 6,373,518 |
| Other income | 88,061 |
| | <u>6,461,579</u> |
| General and Administrative Expenses | |
| Salaries, commissions and benefits | 6,167,506 |
| Licenses and fees | 71,404 |
| Insurance | 1,372 |
| Sales meetings and supplies | 76,890 |
| Depreciation | 17,562 |
| Professional fees | 36,085 |
| Miscellaneous | 6,516 |
| | <u>6,377,335</u> |
| Net Income Before Income Tax | <u>84,244</u> |
| Income Tax Provision (Benefit) | |
| Current - federal | 20,788 |
| Deferred - federal | (4,186) |
| State | 14,374 |
| | <u>30,976</u> |
| Net Income | <u><u>\$ 53,268</u></u> |

The Tidal Group, Inc.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2013

| | <u>Common Stock</u> | <u>Retained Earnings</u> | <u>Total</u> |
|-------------------------------------|-------------------------|------------------------------|-------------------|
| Balance at December 31, 2012 | \$ 31,200 | \$ 239,613 | \$ 270,813 |
| Net Income | - | 53,268 | 53,268 |
| Balance at December 31, 2013 | <u>\$ 31,200</u> | <u>\$ 292,881</u> | <u>\$ 324,081</u> |

The Tidal Group, Inc.
Statement of Cash Flows
Year Ended December 31, 2013

| | |
|---|-------------------|
| Operating Activities | |
| Net income | \$ 53,268 |
| Items not requiring (providing) cash | |
| Depreciation | 17,562 |
| Deferred income tax expense | (4,186) |
| Changes in | |
| Accounts receivable | 10,000 |
| Prepaid expense and other | 1,566 |
| Federal income tax payable | 11,496 |
| Accrued expenses | <u>2,742</u> |
| Net cash provided by operating activities | <u>92,448</u> |
| Increase in Cash and Cash Equivalents | 92,448 |
| Cash and Cash Equivalents, Beginning of Year | <u>147,887</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 240,335</u> |
| Cash Paid for Federal Income Taxes | <u>\$ 9,292</u> |
| Cash Paid for State Income Taxes | <u>\$ 11,735</u> |

The Tidal Group, Inc.
Notes to Financial Statements
December 31, 2013

Note 1: Significant Accounting Policies

General

The Tidal Group, Inc. (Company), was formed for the purpose of selling direct participation oil and gas programs for drilling companies in Texas. During 2013, the Company only sold programs for Tidal Petroleum, Inc., a company owned in part by the 100 percent stockholder of the Company.

Revenue Recognition

The Company recognizes its share of the proceeds from the participation program units sold at the time that sufficient units have been sold to allow the escrow agent to release the funds held in escrow. The contingency needed to release escrow funds is defined in the offering memorandum for each program. Subsequent sales are recognized when an investor is accepted into the program and the funds are available. Additional cash calls for completion and other costs are recognized when the funds are received by the sponsor, Tidal Petroleum, Inc. (Tidal).

Commission Expense

Commissions due the individual brokers under their agreements are recorded when an investor is accepted into the program and the investor funds have cleared the bank.

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.

Cash Flows

For purposes of the statement of cash flows, the Company considers cash and cash equivalents to include cash on hand, demand deposits and certificates of deposit or other highly liquid investments with original maturities of three months or less.

Property and Equipment

Property and equipment are stated at cost. Depreciation is determined on the straight-line method over three to five years.

The Tidal Group, Inc.
Notes to Financial Statements
December 31, 2013

Income Tax

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of assets for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income.

The Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years before 2010 and 2009, respectively.

Note 2: Federal Income Tax

A reconciliation of the 2013 income tax expense (benefit) to the amount computed by applying the statutory federal income tax rate of 34 percent is summarized below:

| | | |
|--------------------------------------|----|----------|
| Computed at the statutory rate (34%) | \$ | 28,643 |
| Increase (decrease) resulting from | | |
| Nondeductible expenses | | 842 |
| Graduated tax rates | | (11,750) |
| State income taxes | | 9,487 |
| Other | | 3,754 |
| | | 3,754 |
| Actual tax expense | \$ | 30,976 |

Note 3: Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by paragraph 15c3-1(2) of the rule, which requires that the Company maintain minimum net capital, as defined, of not less than \$5,000. (The net capital rule also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than \$5,000). At December 31, 2013, the Company had net capital, as defined, of \$212,740.

The Tidal Group, Inc.
Notes to Financial Statements
December 31, 2013

Note 4: Related Party Transactions

As discussed in Note 1, the Company derives all of its income from the sale of direct participation of oil and gas programs for Tidal. Pursuant to this agreement, the Company receives commissions equal to 15 percent of the total cost of the program units sold by brokers of the Company. Additionally, Tidal pays the majority of all operating expenses including rent, office supplies and utilities. During 2013, Tidal reimbursed administrative salaries and other administrative costs totaling \$86,393. This reimbursement is included in other income in the accompanying financial statements.

Note 5: Concentration of Credit Risk

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At December 31, 2013, the Company's cash accounts exceeded federally insured limits by approximately \$581,000.

Note 6: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Registered Public Accounting Firm's report on the financial statements, which is the date the financial statements were available to be issued.

The Tidal Group, Inc.
Computation of Net Capital
(As Defined Within Securities Act of 1934 Rule 15c3-1)
December 31, 2013

| | |
|--|-------------------|
| Total Stockholder's Equity From Statement of Financial Condition | \$ 324,081 |
| Deduct Stockholder's Equity Not Allowable for Net Capital | - |
| | - |
| Total Shareholder's Equity Qualified for Net Capital Add | 324,081 |
| Liabilities subordinated to the claims of general creditors allowable in computation of net capital | - |
| Other allowable credits, deferred taxes | - |
| | - |
| Total capital and allowable subordinated liabilities | 324,081 |
| Deductions and/or Charges | |
| Total non-allowable assets from statement of financial condition | 111,341 |
| Aged fails-to-deliver | - |
| Aged short security differences | - |
| Secured demand note deficiency | - |
| Commodity futures' contracts and spot commodities | - |
| Other deductions and/or charges | - |
| | 111,341 |
| Net Capital Before Haircuts on Securities Positions | |
| (Haircuts on Securities Computed Where Applicable) | 212,740 |
| Contractual securities' commitments | - |
| Deficit in securities collateralizing secured demand notes | - |
| Trading and investment securities | - |
| Undue concentrations | - |
| Other | - |
| | - |
| Net Capital | \$ 212,740 |

The Tidal Group, Inc.
Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of The Securities and Exchange Commission and Computation
of Net Capital Under 15c3-1
December 31, 2013

As of December 31, 2013, the Company is exempt from the provision of Rule 15c3-3 under Section 15c3-3(k)(2)(i):

“...The provisions of this section shall not be applicable to a broker or dealer...who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with his activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and his customers through one or more bank accounts, each to be designated as “Special Account for the Exclusive Benefit of Customers of The Tidal Group, Inc. ...”

Computation of Net Capital under Rule 15c3-1:

There were no material differences between net capital as presented on page 10 herein, and the Company’s presentation of net capital in Part IIA of Form X-17A-5 as of December 31, 2013.

**Report on Internal Control Required by
SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an
Exemption from SEC Rule 15c3-3**

Board of Directors
The Tidal Group, Inc.

In planning and performing our audit of the financial statements of The Tidal Group, Inc. (Company), as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's 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.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously 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. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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 company'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 and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the SEC and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be, and should not be, used by anyone other than these specified parties.

BKD, LLP

San Antonio, Texas
February 7, 2014

**Report of Independent Registered Public Accounting Firm on
Applying Agreed-Upon Procedures
Related to an Entity's SIPC Assessment Reconciliation**

Board of Directors
The Tidal Group, Inc.

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 [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by The Tidal Group, Inc., 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 Tidal Group, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Tidal Group, Inc.'s management is responsible for The Tidal Group, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 by obtaining the check copy for the 2011 payment dated July 14, 2010, payable to SIPC noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, noting no differences;
3. Noted no adjustments to be reported in Form SIPC-7;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the listing of assessment payments noting no differences;
5. Compared the amount of overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

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.

BKD, LLP

San Antonio, Texas
February 7, 2014

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31/2013

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

048809 FINRA DEC
THE TIDAL GROUP INC 17*17
5501 MID CITIES PKWY STE 100
SCHERTZ TX 78154-1386

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Linda Peacock 210-659-1446

- 2. A. General Assessment (item 2e from page 2) \$ 0.00
- B. Less payment made with SIPC-6 filed (exclude interest) (_____)
- Date Paid _____
- C. Less prior overpayment applied - **Paid on 07-14-2010** (150.00)
- D. Assessment balance due or (overpayment) (150.00)
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum _____
- F. Total assessment balance and interest due (or overpayment carried forward) \$(150.00)
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ _____
- H. Overpayment carried forward \$(150.00)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

The Tidal Group, Inc.

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

President

(Title)

Dated the 17th day of January, 20 14

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2013
and ending 12/31/2013

Eliminate cents

\$ **6,461,579**

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

Private Placement Oil & Gas Direct Participation Programs Only

(Deductions in excess of \$100,000 require documentation)

\$ **6,461,579**

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ _____

Enter the greater of line (i) or (ii)

Total deductions

\$ **6,461,579**

2d. SIPC Net Operating Revenues

\$ **0.00**

2e. General Assessment @ .0025

\$ **0.00**

(to page 1, line 2.A.)