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ANNUAL AUDITED REPORT

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**FORM X-17A-5
PART III**

SEC FILE NUMBER
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WASH, D.C.

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 01/01/2015 AND ENDING 12/31/2015
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

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

OFFICIAL USE ONLY
FIRM I.D. NO.

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

5501 Mid Cities Parkway, Suite 100

(No. and Street)

Schertz

Texas

78154

(City)

(State)

(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*

Padgett, Stratemann, & Co., L.L.P.

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

100 N.E. Loop 410, Suite 1100

San Antonio

Texas

78216

(Address)

(City)

(State)

(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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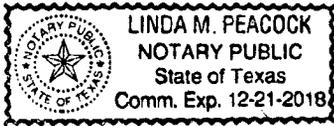
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OATH OR AFFIRMATION

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, 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:

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).

The Tidal Group, Inc.
Report of Independent Registered Public Accounting Firm
and Financial Statements
December 31, 2015
Filed Pursuant to Rule 17a-5(e)(3) as a Public Document

The Tidal Group, Inc.
December 31, 2015

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Padgett Stratemann

Independent Registered Public Accounting Firm's Report

The Board of Director
The Tidal Group, Inc.
Schertz, Texas

We have audited the accompanying statement of financial condition of The Tidal Group, Inc. (the "Company") as of December 31, 2015, 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. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement. 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 statements referred to above present fairly, in all material respects, the financial condition of The Tidal Group, Inc. as of December 31, 2015, 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.

The supplementary information contained in the Computation of Net Capital (the "Supplementary Information") has been subjected to the audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplementary Information is the responsibility of the Company's management. Our audit procedures included determining whether the Supplementary 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 Supplementary Information. In forming our opinion on the Supplementary Information, we evaluated whether the Supplementary Information, including its form and content is presented in conformity with 17 CFR § 240.17a-5. In our opinion, the Supplementary Information contained in the Computation of Net Capital is fairly stated, in all material respects, in relation to the financial statements as a whole.

Padgett, Stratemann + Co., L.L.P.

Austin, Texas
January 19, 2016

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The Tidal Group, Inc.
Statement of Financial Condition
December 31, 2015

Assets

Current Assets

Cash and cash equivalents	\$ 279,332
Accounts receivable	3,000
Federal income tax receivable	3,268
Prepaid expenses and other	57,874
Deferred tax asset	659
	<hr/>
Total current assets	344,133

**Property and Equipment, at Cost, Less Accumulated
Depreciation of \$60,482**

-

Other

150

\$ 344,283

Liabilities and Stockholder's Equity

Current Liabilities

Accounts payable and accrued expenses	\$ 14,446
	<hr/>
Total current liabilities	14,446

Stockholder's Equity

Common stock, no par value; 1,000,000 shares authorized, 156,000 shares issued and outstanding	31,200
Retained earnings	298,637
	<hr/>
Total stockholder's equity	329,837
	<hr/> <u>\$ 344,283</u>

The Tidal Group, Inc.
Statement of Income
Year Ended December 31, 2015

Revenues	
Fee income	\$ 4,133,534
Other income	<u>62,389</u>
	<u>4,195,923</u>
 General and Administrative Expenses	
Salaries, commissions and benefits	3,995,374
Licenses and fees	69,284
Insurance	1,372
Sales meetings	63,562
Professional fees	27,945
Miscellaneous	<u>5,076</u>
	<u>4,162,613</u>
 Net Income Before Income Tax	 <u>33,310</u>
 Income Tax Provision	
Current - federal	8,210
Deferred - federal	313
State	<u>4,393</u>
	<u>12,916</u>
 Net Income	 <u><u>\$ 20,394</u></u>

The Tidal Group, Inc.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2015

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2014	\$ 31,200	\$ 278,243	\$ 309,443
Net Income	<u>-</u>	<u>20,394</u>	<u>20,394</u>
Balance at December 31, 2015	<u>\$ 31,200</u>	<u>\$ 298,637</u>	<u>\$ 329,837</u>

The Tidal Group, Inc.
Statement of Cash Flows
Year Ended December 31, 2015

Operating Activities	
Net income	\$ 20,394
Items not requiring cash	
Deferred income tax expense	313
Changes in	
Accounts receivable	12,157
Prepaid expense and other	25,521
Federal income tax	24,099
Accounts payable and accrued expenses	<u>7,789</u>
Net cash provided by operating activities	<u>90,273</u>
Increase in Cash and Cash Equivalents	<u>90,273</u>
Cash and Cash Equivalents, Beginning of Year	<u>189,059</u>
Cash and Cash Equivalents, End of Year	<u>\$ 279,332</u>
Cash Paid for Federal Income Taxes	<u>\$ 7,500</u>
Cash Paid for State Income Taxes	<u>\$ 6,478</u>

The Tidal Group, Inc.
Notes to Financial Statements
December 31, 2015

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 2015, 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, 2015

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 2012 and 2011, respectively.

Note 2: Federal Income Tax

A reconciliation of the 2015 income tax expense to the amount computed by applying the statutory federal income tax rate of 34 percent is summarized below:

Computed at the statutory rate (34%)	\$ 11,325
Increase (decrease) resulting from	
Nondeductible expenses	469
State income taxes	2,899
Other	<u>(1,777)</u>
Actual tax expense	<u>\$ 12,916</u>

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(a)(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, 2015, the Company had net capital, as defined, of \$264,886.

The Tidal Group, Inc.
Notes to Financial Statements
December 31, 2015

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 2015, Tidal reimbursed administrative salaries and other administrative costs totaling \$62,385. 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, 2015, the Company's cash accounts exceeded federally insured limits by approximately \$191,835.

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.

Supplementary Information

The Tidal Group, Inc.
Computation of Net Capital
(As Defined Within Securities Act of 1934 Rule 15c3-1)
December 31, 2015

Total Stockholder's Equity From Statement of Financial Condition	\$ 329,837
Deduct Stockholder's Equity Not Allowable for Net Capital	<u>-</u>
Total Shareholder's Equity Qualified for Net Capital Add	329,837
Liabilities subordinated to the claims of general creditors allowable in computation of net capital	-
Other allowable credits, deferred taxes	<u>-</u>
Total capital and allowable subordinated liabilities	<u>329,837</u>
Deductions and/or Charges	
Total non-allowable assets from statement of financial condition	64,951
Aged fails-to-deliver	-
Aged short security differences	-
Secured demand note deficiency	-
Commodity futures' contracts and spot commodities	-
Other deductions and/or charges	<u>-</u>
	<u>64,951</u>
Net Capital Before Haircuts on Securities Positions	
(Haircuts on Securities Computed Where Applicable)	264,886
Contractual securities' commitments	-
Deficit in securities collateralizing secured demand notes	-
Trading and investment securities	-
Undue concentrations	-
Other	<u>-</u>
Net Capital	<u><u>\$ 264,886</u></u>



Padgett Stratemann

Independent Registered Public Accounting Firm's Report on Review of Exemption

The Board of Director
The Tidal Group, Inc.
Schertz, Texas

We have reviewed management's statements included in the accompanying Exemption Report, in which (a) The Tidal Group, Inc. identified the following provisions of 17 CFR § 15c3-3(k) under which The Tidal Group, Inc. claimed an exemption from 17 CFR § 240.15c3-3 Section (k)(2)(i) (the "exemption provisions") and (b) The Tidal Group, Inc. stated that The Tidal Group, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. The Tidal Group, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our 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 The Tidal Group, 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, we do not express such an opinion.

Based on our review, we are 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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Padgett, Stratemann & Co., L.L.P.

Austin, Texas
January 19, 2016

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The Tidal Group, Inc.
Exemption Report
Required under 17a-5(d)(4)
December 31, 2015

As of December 31, 2015, 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. ...”

- ❖ The Company met the provisions of the exemption identified above throughout the year ended December 31, 2015, without exception.

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, 2015.

