

BEASLEY BROADCAST GROUP INC

Form 10-Q

May 03, 2013

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2013

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 0-29253

BEASLEY BROADCAST GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of
Incorporation)

65-0960915
(I.R.S. Employer
Identification Number)

3033 Riviera Drive, Suite 200
Naples, Florida 34103

(Address of Principal Executive Offices and Zip Code)

(239) 263-5000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock, \$.001 par value, 6,190,165 Shares Outstanding as of April 26, 2013

Class B Common Stock, \$.001 par value, 16,662,743 Shares Outstanding as of April 26, 2013

Table of Contents

INDEX

	Page No.
PART I	
FINANCIAL INFORMATION	
Item 1. <u>Condensed Consolidated Financial Statements.</u>	3
<u>Notes to Condensed Consolidated Financial Statements.</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	10
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	14
Item 4. <u>Controls and Procedures.</u>	15
PART II	
<u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings.</u>	16
Item 1A. <u>Risk Factors.</u>	16
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	16
Item 3. <u>Defaults Upon Senior Securities.</u>	16
Item 4. <u>Mine Safety Disclosures.</u>	16
Item 5. <u>Other Information.</u>	16
Item 6. <u>Exhibits.</u>	17
<u>SIGNATURES</u>	18

Table of Contents**BEASLEY BROADCAST GROUP, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	December 31, 2012	March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,660,648	\$ 14,223,452
Accounts receivable, less allowance for doubtful accounts of \$637,860 in 2012 and \$524,066 in 2013	18,175,425	16,736,368
Prepaid expenses	963,677	2,141,383
Deferred tax assets	418,900	186,268
Other current assets	2,172,195	2,066,597
Total current assets	33,390,845	35,354,068
Notes receivable from related parties	2,656,067	2,582,476
Property and equipment, net	19,066,881	18,819,005
FCC broadcasting licenses	183,251,728	183,281,728
Goodwill	13,629,364	13,629,364
Other assets	7,377,779	7,113,704
Total assets	\$ 259,372,664	\$ 260,780,345
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 3,500,000	\$ 4,625,000
Accounts payable	1,156,406	899,181
Other current liabilities	7,979,975	7,520,035
Total current liabilities	12,636,381	13,044,216
Long-term debt, net of current portion	113,250,000	111,125,000
Deferred tax liabilities	49,449,507	50,188,176
Other long-term liabilities	987,519	958,285
Total liabilities	176,323,407	175,315,677
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none issued		
Class A common stock, \$0.001 par value; 150,000,000 shares authorized; 8,897,440 issued and 6,145,195 outstanding in 2012; 8,977,790 issued and 6,191,165 outstanding in 2013	8,897	8,977
Class B common stock, \$0.001 par value; 75,000,000 shares authorized; 16,662,743 issued and outstanding in 2012 and 2013	16,662	16,662
Additional paid-in capital	116,896,411	117,081,669
Treasury stock, Class A common stock; 2,752,245 in 2012; 2,786,625 shares in 2013	(14,539,533)	(14,716,045)
Accumulated deficit	(19,347,366)	(16,926,879)
Accumulated other comprehensive income	14,186	284
Stockholders' equity	83,049,257	85,464,668
Total liabilities and stockholders' equity	\$ 259,372,664	\$ 260,780,345

Table of Contents**BEASLEY BROADCAST GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

	Three Months Ended March 31,	
	2012	2013
Net revenue	\$ 23,298,608	\$ 24,812,469
Operating expenses:		
Station operating expenses (including stock-based compensation of \$2,771 in 2012 and \$7,238 in 2013 and excluding depreciation and amortization shown separately below)	15,505,304	16,703,004
Corporate general and administrative expenses (including stock-based compensation of \$127,122 in 2012 and \$129,975 in 2013)	2,040,345	2,094,009
Depreciation and amortization	514,049	564,695
Total operating expenses	18,059,698	19,361,708
Operating income	5,238,910	5,450,761
Non-operating income (expense):		
Interest expense	(1,346,171)	(2,047,874)
Other income (expense), net	74,306	46,029
Income before income taxes	3,967,045	3,448,916
Income tax expense	1,559,049	1,028,429
Net income	2,407,996	2,420,487
Other comprehensive income:		
Unrealized gain (loss) on securities (net of income tax expense of \$418 in 2012 and income tax benefit of \$8,747 in 2013)	665	(13,902)
Comprehensive income	\$ 2,408,661	\$ 2,406,585
Net income per share:		
Basic and diluted	\$ 0.11	\$ 0.11
Weighted average shares outstanding:		
Basic	22,641,225	22,711,541
Diluted	22,661,073	22,726,909

Table of Contents**BEASLEY BROADCAST GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Three Months Ended March 31,	
	2012	2013
Cash flows from operating activities:		
Net income	\$ 2,407,996	\$ 2,420,487
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	129,893	137,213
Provision for bad debts	267,370	278,900
Depreciation and amortization	514,049	564,695
Amortization of loan fees	93,890	150,133
Deferred income taxes	1,559,791	957,399
Change in operating assets and liabilities:		
Accounts receivable	2,095,411	1,160,157
Prepaid expenses	(961,654)	(1,177,706)
Other assets	14,497	109,920
Accounts payable	59,355	(257,225)
Other liabilities	(189,526)	(448,005)
Other operating activities	(385,584)	38,508
Net cash provided by operating activities	5,605,488	3,934,476
Cash flows from investing activities:		
Capital expenditures	(369,346)	(286,876)
Payments for translator licenses		(30,000)
Payments for investments	(62,500)	
Repayment of notes receivable from related parties	69,315	73,591
Net cash used in investing activities	(362,531)	(243,285)
Cash flows from financing activities:		
Principal payments on indebtedness	(3,352,178)	(1,000,000)
Tax benefit (shortfall) from vesting of restricted stock	(80,104)	48,125
Payments for treasury stock	(103,718)	(176,512)
Net cash used in financing activities	(3,536,000)	(1,128,387)
Net increase in cash and cash equivalents	1,706,957	2,562,804
Cash and cash equivalents at beginning of period	13,610,069	11,660,648
Cash and cash equivalents at end of period	\$ 15,317,026	\$ 14,223,452
Cash paid for interest	\$ 1,252,033	\$ 1,816,398
Cash paid for income taxes	\$ 14,500	\$ 205,495
Supplement disclosure of non-cash investing and financing activities:		
Property and equipment acquired through placement of advertising airtime	\$ 1,799	\$ 29,943

Table of Contents**BEASLEY BROADCAST GROUP, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****(1) Interim Financial Statements**

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of Beasley Broadcast Group, Inc. and its subsidiaries (the Company) included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the financial statements reflect all adjustments necessary for a fair statement of the financial position and results of operations for the interim periods presented and all such adjustments are of a normal and recurring nature. The Company's results are subject to seasonal fluctuations therefore the results shown on an interim basis are not necessarily indicative of results for the full year.

(2) Recent Accounting Pronouncement

In February 2013, the FASB issued guidance to improve the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles to be reclassified in its entirety to net income. For other amounts that are not required under U.S. generally accepted accounting principles to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. generally accepted accounting principles that provide additional detail about those amounts. The new guidance is effective prospectively for reporting periods beginning after December 15, 2012, with early adoption permitted. The Company adopted the new guidance in the first quarter of 2013 with no material impact on its financial statements.

(3) FCC Broadcasting Licenses

The change in the carrying amount of FCC broadcasting licenses for the three months ended March 31, 2013 is as follows:

Balance as of December 31, 2012	\$ 183,251,728
Acquisition of translator licenses	30,000
Balance as of March 31, 2013	\$ 183,281,728

On January 11, 2013, the Company acquired two translator licenses from Reach Communications, Inc. for \$30,000. The translator licenses allow the Company to rebroadcast the programming of one of its radio stations in Fort Myers-Naples, FL on the FM band over and expanded area of coverage. Translator licenses are generally granted for renewable terms of eight years and are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired.

(4) Long-Term Debt

Long-term debt is comprised of the following:

December 31,	March 31,
2012	2013

Edgar Filing: BEASLEY BROADCAST GROUP INC - Form 10-Q

First lien facility:		
Term loan	86,750,000	85,750,000
Revolving credit facility	5,000,000	5,000,000
Second lien facility:		
Term loan	25,000,000	25,000,000
	116,750,000	115,750,000
Less current installments	(3,500,000)	