

BEASLEY BROADCAST GROUP INC

Form 10-Q

August 02, 2010

[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 June 30, 2010

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)

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**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, 6,023,022 Shares Outstanding as of July 26, 2010

Class B Common Stock, \$.001 par value, 16,662,743 Shares Outstanding as of July 26, 2010

**Table of Contents**

**INDEX**

	<b>Page No.</b>
<b>PART I</b>	
<b>FINANCIAL INFORMATION</b>	
Item 1. Condensed Consolidated Financial Statements.	3
<u>Notes to Condensed Consolidated Financial Statements.</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	13
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	18
Item 4. <u>Controls and Procedures.</u>	18
<b>PART II</b>	
<b>OTHER INFORMATION</b>	
Item 1. <u>Legal Proceedings.</u>	19
Item 1A. <u>Risk Factors.</u>	19
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	19
Item 3. <u>Defaults Upon Senior Securities.</u>	19
Item 5. <u>Other Information.</u>	19
Item 6. <u>Exhibits.</u>	20
<u>SIGNATURES</u>	21

**Table of Contents****BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED BALANCE SHEETS**

	December 31, 2009	June 30, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,892,777	\$ 7,922,798
Accounts receivable, less allowance for doubtful accounts of \$758,815 in 2009 and \$916,348 in 2010	18,173,014	16,889,838
Trade sales receivable	1,049,801	898,212
Other receivables	635,384	752,387
Prepaid expenses	1,550,124	2,084,846
Deferred tax assets	517,424	627,080
<b>Total current assets</b>	<b>27,818,524</b>	<b>29,175,161</b>
Notes receivable from related parties	3,458,366	3,334,449
Property and equipment, net	21,912,733	21,112,732
FCC broadcasting licenses	178,913,816	178,913,816
Goodwill	13,629,364	13,629,364
Other assets	4,193,190	4,582,990
<b>Total assets</b>	<b>\$ 249,925,993</b>	<b>\$ 250,748,512</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Current installments of long-term debt	\$ 4,987,013	\$ 5,670,673
Accounts payable	2,436,487	1,325,138
Accrued expenses	4,473,652	5,072,595
Trade sales payable	1,002,445	967,367
Derivative financial instruments	3,141,500	2,529,591
<b>Total current liabilities</b>	<b>16,041,097</b>	<b>15,565,364</b>
Long-term debt	146,839,703	142,112,659
Deferred tax liabilities	33,010,719	35,912,203
Derivative financial instruments	443,711	265,557
Other long-term liabilities	1,150,751	1,150,751
<b>Total liabilities</b>	<b>197,485,981</b>	<b>195,006,534</b>
Stockholders' equity:		
Preferred stock, \$.001 par value, 10,000,000 shares authorized, none issued		
Class A common stock, \$.001 par value, 150,000,000 shares authorized, 8,608,280 issued in 2009 and 8,708,280 issued in 2010	8,608	8,708
Class B common stock, \$.001 par value, 75,000,000 shares authorized, 16,662,743 issued in 2009 and 2010	16,662	16,662
Additional paid-in capital	115,045,370	115,571,780
Treasury stock, Class A common stock, 2,619,795 in 2009 and 2,685,258 shares in 2010	(13,921,812)	(14,211,996)
Accumulated deficit	(46,537,022)	(43,969,826)
Accumulated other comprehensive loss	(2,171,794)	(1,673,350)
<b>Stockholders' equity</b>	<b>52,440,012</b>	<b>55,741,978</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 249,925,993</b>	<b>\$ 250,748,512</b>



**Table of Contents****BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net revenue	\$ 23,604,628	\$ 24,933,353
Operating expenses:		
Cost of services (including stock-based compensation of \$202 in 2009 and \$536 in 2010 and excluding depreciation and amortization shown separately below)	8,214,997	7,579,938
Selling, general and administrative (including stock-based compensation of \$15,112 in 2009 and \$22,790 in 2010)	8,680,502	8,864,768
Corporate general and administrative (including stock-based compensation of \$227,992 in 2009 and \$225,994 in 2010)	2,020,146	2,012,224
Depreciation and amortization	724,840	671,919
Total operating expenses	19,640,485	19,128,849
Operating income	3,964,143	5,804,504
Non-operating income (expense):		
Interest expense	(2,779,759)	(2,516,468)
Other income (expense), net	113,374	143,844
Income before income taxes	1,297,758	3,431,880
Income tax expense	588,896	1,389,313
Net income	\$ 708,862	\$ 2,042,567
Basic and diluted net income per share	\$ 0.03	\$ 0.09
Basic common shares outstanding	22,342,810	22,482,173
Diluted common shares outstanding	22,402,166	22,533,366

**Table of Contents****BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net revenue	\$ 46,168,496	\$ 46,778,297
Operating expenses:		
Cost of services (including stock-based compensation of \$504 in 2009 and \$1,072 in 2010 and excluding depreciation and amortization shown separately below)	16,090,523	14,767,667
Selling, general and administrative (including stock-based compensation of \$37,061 in 2009 and \$49,361 in 2010)	17,991,774	17,463,644
Corporate general and administrative (including stock-based compensation of \$499,055 in 2009 and \$476,077 in 2010)	4,159,281	4,069,950
Depreciation and amortization	1,455,777	1,335,584
Total operating expenses	39,697,355	37,636,845
Operating income	6,471,141	9,141,452
Non-operating income (expense):		
Interest expense	(4,795,424)	(5,051,617)
Loss on extinguishment of long-term debt	(513,642)	
Other income (expense), net	150,757	257,628
Income before income taxes	1,312,832	4,347,463
Income tax expense	596,026	1,780,267
Net income	\$ 716,806	\$ 2,567,196
Basic and diluted net income per share	\$ 0.03	\$ 0.11
Basic common shares outstanding	22,315,945	22,457,072
Diluted common shares outstanding	22,370,739	22,499,257

**Table of Contents****BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Three Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net income	\$ 708,862	\$ 2,042,567
Other comprehensive income:		
Unrealized income on available-for-sale investments (net of income tax expense of \$258 in 2009 and \$8,754 in 2010)	409	13,913
Change in fair value of derivative financial instruments designated as cash flow hedges (net of income tax expense of \$48,269 in 2009 and income tax benefit of \$54,688 in 2010)	76,716	(86,917)
Reclassification of unrealized losses on derivative financial instruments to interest expense (net of income tax expense of \$244,726 in 2009 and \$307,947 in 2010)	388,950	489,431
	465,666	402,514
Other comprehensive income	466,075	416,427
Comprehensive income	\$ 1,174,937	\$ 2,458,994



**Table of Contents****BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net income	\$ 716,806	\$ 2,567,196
Other comprehensive income:		
Unrealized income on available-for-sale investments (net of income tax expense of \$3,451 in 2009 and \$8,497 in 2010)	5,483	13,503
Change in fair value of derivative financial instruments designated as cash flow hedges (net of income tax benefit of \$167,065 in 2009 and \$310,655 in 2010)	(265,521)	(493,733)
Reclassification of unrealized losses on derivative financial instruments to interest expense (net of income tax expense of \$465,080 in 2009 and \$615,777 in 2010)	739,165	978,674
	473,644	484,941
Other comprehensive income	479,127	498,444
Comprehensive income	\$ 1,195,933	\$ 3,065,640

**Table of Contents****BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 716,806	\$ 2,567,196
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
(Income) loss from trade sales	(308,990)	11,299
Stock-based compensation	536,620	526,510
Provision for bad debts	821,021	814,426
Depreciation and amortization	1,455,777	1,335,584
Amortization of loan fees	156,927	146,629
Loss on extinguishment of long-term debt	513,642	
Deferred income taxes	1,132,797	2,500,209
<b>Change in operating assets and liabilities:</b>		
Receivables	2,879,156	351,747
Prepaid expenses	(1,405,833)	(534,722)
Other assets	24,188	73,736
Payables and accrued expenses	(384,503)	(512,406)
<b>Net cash provided by operating activities</b>	<b>6,137,608</b>	<b>7,280,208</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(369,309)	(430,371)
Repayment of notes receivable from related parties	116,714	123,917
<b>Net cash used in investing activities</b>	<b>(252,595)</b>	<b>(306,454)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on indebtedness	(3,458,416)	(4,043,384)
Payments of loan fees	(843,306)	(610,165)
Payments for treasury stock	(161,977)	(290,184)
<b>Net cash used in financing activities</b>	<b>(4,463,699)</b>	<b>(4,943,733)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,421,314</b>	<b>2,030,021</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,453,505</b>	<b>5,892,777</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 4,874,819</b>	<b>\$ 7,922,798</b>
<b>Cash paid for interest</b>	<b>\$ 4,669,204</b>	<b>\$ 4,907,095</b>
<b>Cash refunded for income taxes</b>	<b>\$ (543,988)</b>	<b>\$ (775,330)</b>
<b>Supplement disclosure of non-cash investing and financing activities:</b>		
Property and equipment acquired through placement of advertising airtime	\$ 25,077	\$ 105,212

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

The accompanying unaudited financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission ( SEC ). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ) have been omitted pursuant to the SEC rules and regulations. The accompanying unaudited financial statements reflect, in the opinion of management, all adjustments necessary to present fairly the financial position and results of operations for the periods indicated.

The accompanying unaudited financial statements have been prepared in accordance with GAAP and include the consolidated accounts of Beasley Broadcast Group, Inc. (the Company ) and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

The balance sheet as of December 31, 2009 has been derived from the Company s audited financial statements for the fiscal year ended December 31, 2009. The financial statements and related notes included in this report should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Certain amounts previously reported in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

Results of the second quarter of 2010 are not necessarily indicative of results for the full year.

**(2) Recent Accounting Pronouncements**

In June 2009, the FASB issued new guidance for variable interest entities which addresses (1) the effects on certain provisions of previous guidance, as a result of the elimination of the qualifying special-purpose entity concept and (2) concerns about the application of certain key provisions of previous guidance, including those in which the accounting and disclosures under the previous guidance do not always provide timely and useful information about an enterprise s involvement in a variable interest entity. The guidance was effective on January 1, 2010 and adoption did not have a material impact on the Company s financial statements.

In January 2010, the FASB issued new guidance for fair value measurements and disclosures which requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and 2 fair value measurements and describe the reasons for the transfers. The guidance also requires a reporting entity to present separately information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). The guidance was effective on January 1, 2010, except for disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The guidance adopted on January 1, 2010 did not have a material impact on the Company s financial statements. Adoption of the remaining guidance is not expected to have a material impact on the Company s financial statements.

**(3) Long-Term Debt**

Long-term debt is comprised of the following:

	December 31, 2009	June 30, 2010
Credit facility:		
Revolving credit loan	\$ 55,826,716	\$ 55,326,716
Term loan	96,000,000	92,456,616
	151,826,716	147,783,332
Less current installments	(4,987,013)	(5,670,673)

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\$ 146,839,703      \$ 142,112,659

On March 5, 2010, the Company amended its credit agreement to revise certain financial covenants. In addition, the \$7.5 million sub-limit for letters of credit was reduced to \$5.0 million.

As of June 30, 2010, the credit facility consists of a revolving credit loan with a maximum commitment of \$65.0 million and a term loan with a remaining balance of \$92.5 million. As of June 30, 2010, the Company had \$9.7 million in remaining commitments available under the revolving credit loan of its credit facility. The revolving credit loan includes a \$5.0 million sub-limit for letters of

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

credit which may not be increased. At the Company's election, the revolving credit loan and term loan may bear interest at either the base rate or LIBOR plus a margin that is determined by the Company's debt to operating cash flow ratio. The base rate is equal to the higher of the prime rate, the federal funds effective rate, or the one month LIBOR quoted rate plus 1.0%. Interest on base rate loans is payable quarterly through maturity. Interest on LIBOR loans is payable on the last day of the selected LIBOR period and, if the selected period is longer than three months, every three months after the beginning of the LIBOR period. The revolving credit loan and term loan carried interest, based on LIBOR, at 4.2747% and 4.4511% as of December 31, 2009 and June 30, 2010, respectively, and mature on June 30, 2015. The scheduled reductions in the amount available under the revolving credit loan may require principal repayments if the outstanding balance at that time exceeds the maximum amount available under the revolving credit loan.

As of June 30, 2010, the scheduled repayments of the credit facility for the remainder of 2010, the next four years, and thereafter are as follows:

	<b>Revolving credit loan</b>	<b>Term loan</b>	<b>Total credit facility</b>
2010	\$	\$ 2,465,510	\$ 2,465,510
2011		7,149,978	7,149,978
2012		7,889,631	7,889,631
2013	5,646,508	9,368,937	15,015,445
2014	20,426,389	9,862,039	30,288,428
Thereafter	29,253,819	55,720,521	84,974,340
<b>Total</b>	<b>\$ 55,326,716</b>	<b>\$ 92,456,616</b>	<b>\$ 147,783,332</b>

The credit agreement requires the Company to comply with certain financial covenants which are defined in the credit agreement. As of June 30, 2010, these financial covenants included:

*Consolidated Total Debt Ratio.* On the last day of each fiscal quarter through September 30, 2010, the Company's consolidated total debt must not exceed 7.5 times its consolidated operating cash flow for the four quarters then ending. For the period from October 1, 2010 through March 31, 2011, the maximum ratio is 7.25 times. On June 30, 2011, the maximum ratio is 7.0 times. On September 30, 2011, the maximum ratio is 6.75 times. On December 31, 2011, the maximum ratio is 6.5 times. For the period from January 1, 2012 through June 30, 2015, the maximum ratio is 4.75 times.

*Consolidated Interest Coverage Ratio.* The Company's consolidated operating cash flow for the four quarters ending on the last day of each fiscal quarter through December 31, 2010 must not be less than 1.75 times its consolidated cash interest expense for the four quarters then ending. For the period from January 1, 2011 through September 30, 2011, the minimum ratio is 1.875 times. For the period from October 1, 2011 through June 30, 2015, the minimum ratio is 2.0 times.

*Consolidated Fixed Charge Coverage Ratio.* The Company's consolidated operating cash flow for the four quarters ending on the last day of each fiscal quarter through September 30, 2010 must not be less than 1.1 times its consolidated fixed charges for the four quarters then ending. For the period from October 1, 2010 through December 31, 2011, the minimum ratio is 1.05 times. For the period from January 1, 2012 through June 30, 2015, the minimum ratio is 1.1 times. Consolidated fixed charges include cash paid for interest, income taxes, capital expenditures, scheduled principal repayments, and agency and commitment fees.

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Failure to comply with these financial covenants, scheduled interest payments, scheduled principal repayments, or any other terms of its credit agreement could result in the acceleration of the maturity of its outstanding debt. The Company believes that it will have sufficient liquidity and capital resources to permit it to meet its financial obligations for at least the next twelve months. As of June 30, 2010, management of the Company believed it was in compliance with applicable financial covenants.

The credit facility is secured by substantially all of the Company's assets and is guaranteed jointly and severally by all of the Company's subsidiaries. The guarantees were issued to the Company's lenders for repayment of the outstanding balance of the credit facility. If the Company defaults under the terms of the credit agreement, the subsidiaries may be required to perform under their guarantees. As of June 30, 2010, the maximum amount of undiscounted payments the subsidiaries would have had to make in the event of default was \$147.8 million. The guarantees for the revolving credit loan and term loan expire on June 30, 2015.

**Table of Contents****BEASLEY BROADCAST GROUP, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****(4) Derivative Financial Instruments**

A summary of interest rate swaps designated as cash flow hedges is as follows:

	December 31, 2009	June 30, 2010
Notional amounts	\$ 110,000,000	\$ 110,000,000
Weighted average pay rates (fixed)	7.14%	7.14%
Weighted average receive rates (LIBOR indexed)	4.28%	4.48%
Weighted average maturity	1.6 years	1.1 years

A summary of activity relating to the interest rate swaps designated as cash flow hedges is as follows:

	Three months ended June 30, 2009	June 30, 2010
Gain (loss) recognized in other comprehensive income	\$ 124,985	\$ (141,605)
Loss reclassified from other comprehensive income to interest expense	633,676	797,378

	Six months ended June 30, 2009	June 30, 2010
Loss recognized in other comprehensive income	\$ (432,586)	\$ (804,388)
Loss reclassified from other comprehensive income to interest expense	1,204,245	1,594,451

As of June 30, 2010, a pre-tax unrealized loss of \$2.8 million was recorded in accumulated other comprehensive income of which \$2.5 million is expected to be reclassified into earnings during the next twelve months. The reclassified amount represents both amounts that are being amortized out of other comprehensive income to earnings and any forecasted cash settlements.

**(5) Stock-Based Compensation**

The Beasley Broadcast Group, Inc. 2007 Equity Incentive Award Plan (the 2007 Plan) permits the Company to issue up to 4.0 million shares of Class A common stock. The 2007 Plan allows for eligible employees, directors and certain consultants of the Company to receive shares of restricted stock, stock options or other stock-based awards. The restricted stock awards that have been granted under the 2007 Plan generally vest over three to five years of service.

A summary of restricted stock activity under the 2007 Plan is presented below:

	Shares	Weighted- Average Grant-Date Fair Value
Unvested as of April 1, 2010	123,665	\$ 4.14
Granted	15,000	6.35
Vested	(4,000)	4.79
Forfeited		

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Unvested as of June 30, 2010	134,665	\$	4.36
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As of June 30, 2010, there was \$0.4 million of total unrecognized compensation cost related to restricted stock granted under the 2007 Plan. That cost is expected to be recognized over a weighted-average period of 1.5 years.

The 2000 Equity Plan of Beasley Broadcast Group, Inc. (the 2000 Plan ) was terminated upon adoption of the 2007 Plan, except with respect to outstanding awards. The restricted stock and stock option awards that have been granted under the 2000 Plan generally vest over three to five years of service. However, some stock option awards contain performance-related provisions that may delay vesting beyond five years but no longer than seven years after the date of grant. Stock options expire ten years from the date of grant. No new awards will be granted under the 2000 Plan.



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

A summary of restricted stock activity under the 2000 Plan is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested as of April 1, 2010	126,591	\$ 6.59
Granted		
Vested	(103,750)	7.25
Forfeited		
Unvested as of June 30, 2010	22,841	\$ 3.57

As of June 30, 2010, there was approximately \$54,000 of total unrecognized compensation cost related to restricted stock granted under the 2000 Plan. That cost is expected to be recognized over a weighted-average period of 1.2 years.

A summary of stock option activity under the 2000 Plan is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of April 1, 2010	244,084	\$ 12.97		
Granted				
Exercised				
Forfeited				
Outstanding as of June 30, 2010	244,084	\$ 12.97	2.6	
Exercisable as of June 30, 2010	176,084	\$ 11.84	2.1	

**(6) Income Taxes**

The Company's effective tax rate was approximately 45% for the three and six months ended June 30, 2009 and approximately 41% for the three and six months ended June 30, 2010, which differ from the federal statutory rate of 34% due to the effect of state income taxes and certain of the Company's expenses that are not deductible for tax purposes. The effective tax rate in 2009 also includes additional tax expense due to restricted stock vesting at stock prices lower than the grant-date stock prices of those awards.

**(7) Related Party Transaction**

On May 28, 2010, the Company entered into an agreement to manage two radio stations in Las Vegas, NV for GGB Las Vegas, LLC, which is owned by George G. Beasley. The management agreement expires on December 31, 2013 and includes an option to purchase the two managed radio stations for \$8.5 million. Management fees were approximately \$5,000 for the three and six months ended June 30, 2010.

**(8) Financial Instruments**

The carrying amount of notes receivable from related parties with a fixed rate of interest of 6.0% was \$3.3 million as of June 30, 2010, compared with a fair value of \$3.7 million based on current market interest rates. The carrying amount of notes receivable from related parties was \$3.5 million as of December 31, 2009, compared with a fair value of \$3.9 million.

The carrying amount of long-term debt, including the current installments, was \$147.8 million as of June 30, 2010 and approximated fair value due to the variable interest rate, which is based on current market rates. The carrying amount of long-term debt was \$151.8 million as of December 31, 2009 and approximated fair value due to the variable interest rate.

## **Table of Contents**

### **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion together with the financial statements and related notes included elsewhere in this report. The results discussed below are not necessarily indicative of the results to be expected in any future periods. This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws, including any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words may, will, estimate, intend, continue, believe, expect or anticipate and other similar words. Such forward-looking statements may be contained in Management's Discussion and Analysis of Financial Condition and Results of Operations, among other places. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as unforeseen events that would cause us to broadcast commercial-free for any period of time and changes in the radio broadcasting industry generally. We do not intend, and undertake no obligation, to update any forward-looking statement. Key risks to our company are described in our annual report on Form 10-K, filed with the Securities and Exchange Commission on March 11, 2010.

#### **General**

We are a radio broadcasting company whose primary business is operating radio stations throughout the United States. We own and operate 42 radio stations in the following markets: Atlanta, GA, Augusta, GA, Boston, MA, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Las Vegas, NV, Miami-Fort Lauderdale, FL, Philadelphia, PA, West Palm Beach-Boca Raton, FL, and Wilmington, DE. We also operate one radio station in the expanded AM band in Augusta, GA. We refer to each group of radio stations that we own in each radio market as a market cluster.

#### **Recent Developments**

On May 28, 2010, we entered into an agreement to manage two radio stations in Las Vegas, NV for GGB Las Vegas, LLC, which is owned by George G. Beasley. The management agreement expires on December 31, 2013 and includes an option to purchase the two managed radio stations for \$8.5 million.

#### **Financial Statement Presentation**

The following discussion provides a brief description of certain key items that appear in our financial statements and general factors that impact these items.

*Net Revenue.* Our net revenue is primarily derived from the sale of advertising airtime to local and national advertisers. Net revenue is gross revenue less agency commissions, generally 15% of gross revenue. Local revenue generally consists of advertising airtime sales to advertisers in a radio station's local market either directly to the advertiser or through the advertiser's agency. National revenue generally consists of advertising airtime sales to agencies purchasing advertising for multiple markets. National sales are generally facilitated by our national representation firm, which serves as our agent in these transactions.

The advertising rates that we are able to charge and the number of advertisements that we can broadcast without jeopardizing listener levels generally determine our net revenue. Advertising rates are primarily based on the following factors:

- a radio station's audience share in the demographic groups targeted by advertisers as measured principally by quarterly reports issued by the Arbitron Ratings Company;

- the number of radio stations, as well as other forms of media, in the market competing for the attention of the same demographic groups;

the supply of, and demand for, radio advertising time; and

**Table of Contents**

the size of the market.

Our net revenue is affected by general economic conditions, competition and our ability to improve operations at our market clusters. Seasonal revenue fluctuations are also common in the radio broadcasting industry and are primarily due to variations in advertising expenditures by local and national advertisers. Our revenues are typically lowest in the first calendar quarter of the year.

We use trade sales agreements to reduce cash paid for operating costs and expenses by exchanging advertising airtime for goods or services; however, we endeavor to minimize trade revenue in order to maximize cash revenue from our available airtime.

*Operating Costs and Expenses.* Our operating costs and expenses consist primarily of (1) programming, engineering, and promotional expenses, reported as cost of services, and selling, general and administrative expenses incurred at our radio stations, (2) general and administrative expenses, including compensation and other expenses, incurred at our corporate offices, and (3) depreciation and amortization. We strive to control our operating expenses by centralizing certain functions at our corporate offices and consolidating certain functions in each of our market clusters.

*Income Taxes.* Our effective tax rate was approximately 45% for the three and six months ended June 30, 2009 and approximately 41% for the three and six months ended June 30, 2010, which differ from the federal statutory rate of 34% due to the effect of state income taxes and certain of our expenses that are not deductible for tax purposes. The effective tax rate in 2009 also includes additional tax expense due to restricted stock vesting at stock prices lower than the grant-date stock prices of those awards.

**Critical Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect reported amounts and related disclosures. We consider an accounting estimate to be critical if:

it requires assumptions to be made that were uncertain at the time the estimate was made; and

changes in the estimate or different estimates that could have been selected could have a material impact on our results of operations or financial condition.

Our critical accounting estimates are described in Item 7 of our annual report on Form 10-K for the year ended December 31, 2009. There have been no material changes to our critical accounting estimates during the second quarter of 2010.

**Recent Accounting Pronouncements**

Recent accounting pronouncements are described in Note 2 to the accompanying financial statements.

**Three Months Ended June 30, 2010 Compared to the Three Months Ended June 30, 2009**

The following summary table presents a comparison of our results of operations for the three months ended June 30, 2009 and 2010 with respect to certain of our key financial measures. These changes illustrated in the table are discussed in greater detail below. This section should be read in conjunction with the financial statements and notes to financial statements included in Item 1 of this report.

	<b>Three months ended June 30,</b>		<b>Change</b>	
	<b>2009</b>	<b>2010</b>	<b>\$</b>	<b>%</b>
Net revenue	\$ 23,604,628	\$ 24,933,353	\$ 1,328,725	5.6%
Cost of services	8,214,997	7,579,938	(635,059)	(7.7)
Selling, general and administrative expenses	8,680,502	8,864,768	184,266	2.1
Corporate general and administrative expenses	2,020,146	2,012,224	(7,922)	(0.4)
Interest expense	2,779,759	2,516,468	(263,291)	(9.5)
Net income	708,862	2,042,567	1,333,705	188.1



**Table of Contents**

*Net Revenue.* The \$1.3 million increase in net revenue during the three months ended June 30, 2010 was primarily due to a \$0.5 million increase at our Las Vegas market cluster, a \$0.4 million increase at our Philadelphia market cluster, and a \$0.3 million increase at our Fort Myers-Naples market cluster. Net revenue was comparable to the same period in 2009 at the remaining market clusters with increases in three markets and decreases in five markets. In August 2009, the Company sold certain radio station assets in Las Vegas which contributed net revenue of \$0.2 million during the second quarter of 2009.

*Cost of Services.* The \$0.6 million decrease in cost of services during the three months ended June 30, 2010 was primarily due to a \$0.4 million decrease at our Miami-Fort Lauderdale market cluster. Cost of services was comparable to the same period in 2009 at the remaining market clusters with decreases in six markets and increases in four markets. The radio station assets sold in Las Vegas in August 2009 incurred cost of services of \$0.3 million during the second quarter of 2009. This decrease was partially offset by an increase at our remaining radio stations in that market.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses during the three months ended June 30, 2010 were comparable to the same period in 2009 at all market clusters with increases in seven markets and decreases in four markets. The radio station assets sold in Las Vegas in August 2009 incurred selling, general and administrative expenses of \$0.2 million during the second quarter of 2009. This decrease was more than offset by an increase at our remaining radio stations in that market.

*Corporate General and Administrative Expenses.* Corporate general and administrative expenses during the three months ended June 30, 2010 were comparable to the same period in 2009.

*Interest Expense.* The \$0.3 million decrease in interest expense during the three months ended June 30, 2010 was due to repayments of borrowings under our credit facility.

*Net Income.* As a result of the factors described above, net income for the three months ended June 30, 2010 was \$2.0 million compared to a net income of approximately \$0.7 million for the three months ended June 30, 2009.

**Six Months Ended June 30, 2010 Compared to the Six Months Ended June 30, 2009**

The following summary table presents a comparison of our results of operations for the six months ended June 30, 2009 and 2010 with respect to certain of our key financial measures. These changes illustrated in the table are discussed in greater detail below. This section should be read in conjunction with the financial statements and notes to financial statements included in Item 1 of this report.

	Six months ended June 30,		Change	
	2009	2010	\$	%
Net revenue	\$ 46,168,496	\$ 46,778,297	\$ 609,801	1.3%
Cost of services	16,090,523	14,767,667	(1,322,856)	(8.2)
Selling, general and administrative expenses	17,991,774	17,463,644	(528,130)	(2.9)
Corporate general and administrative expenses	4,159,281	4,069,950	(89,331)	(2.1)
Interest expense	4,795,424	5,051,617	256,193	5.3
Loss on extinguishment of long-term debt	513,642		(513,642)	(100.0)
Net income	716,806	2,567,196	1,850,390	258.1

*Net Revenue.* The \$0.6 million increase in net revenue during the six months ended June 30, 2010 was primarily due to a \$0.5 million increase at our Philadelphia market cluster and a \$0.5 million increase at our Las Vegas market cluster. These increases were partially offset by a \$0.6 million decrease at our Miami-Fort Lauderdale market cluster. Net revenue was comparable to the same period in 2009 at the remaining market clusters with increases in five markets and decreases in three markets. In August 2009, the Company sold certain radio station assets in Las Vegas which contributed net revenue of \$0.6 million during the six months ended June 30, 2009.

*Cost of Services.* The \$1.3 million decrease in cost of services during the six months ended June 30, 2010 was primarily due to a \$0.5 million decrease at our Miami-Fort Lauderdale market cluster and a \$0.5 million decrease at our Las Vegas market cluster. Cost of services was comparable to the same period in 2009 at the remaining market clusters with decreases in five markets and increases in four markets. The radio station assets sold in Las Vegas in August 2009 incurred cost of services of \$0.5 million during the six months ended June 30, 2009.





## **Table of Contents**

*Selling, General and Administrative Expenses.* The \$0.5 million decrease in selling, general and administrative expenses during the six months ended June 30, 2010 was primarily due to a decrease at our Miami-Fort Lauderdale market cluster. Selling, general and administrative expenses were comparable to the same period in 2009 at the remaining market clusters with decreases in six markets and increases in four markets. The radio station assets sold in Las Vegas in August 2009 incurred selling, general and administrative expenses of \$0.5 million during the six months ended June 30, 2009. This decrease was more than offset by an increase at our remaining radio stations in that market.

*Corporate General and Administrative Expenses.* Corporate general and administrative expenses during the six months ended June 30, 2010 were comparable to the same period in 2009.

*Interest Expense.* The \$0.3 million increase in interest expense during the six months ended June 30, 2010 was due to an increase in our interest rate as a result of the amendment to our credit facility in March 2009. This increase was partially offset with repayments of borrowings under our credit facility.

*Loss on Extinguishment of Long-Term Debt.* In connection with the amendment to our credit agreement during the first quarter of 2009, we recorded a \$0.5 million loss on extinguishment of long-term debt during the six months ended June 30, 2009.

*Net Income.* As a result of the factors described above, net income for the six months ended June 30, 2010 was \$2.6 million compared to a net income of approximately \$0.7 million for the six months ended June 30, 2009.

## **Liquidity and Capital Resources**

*Overview.* Our primary sources of liquidity are internally generated cash flow and our revolving credit loan. Our primary liquidity needs have been, and for the next twelve months and thereafter are expected to continue to be, for working capital, debt service, and other general corporate purposes, including capital expenditures and radio station acquisitions. Historically, our capital expenditures have not been significant. In addition to property and equipment associated with radio station acquisitions, our capital expenditures have generally been, and are expected to continue to be, related to the maintenance of our studio and office space and the technological improvement, including upgrades necessary to broadcast HD Radio, and maintenance of our broadcasting towers and equipment. We have also purchased or constructed office and studio space in some of our markets to facilitate the consolidation of our operations.

Our credit agreement prohibits us from repurchasing additional shares of our common stock until our consolidated total debt is less than five times our consolidated operating cash flow at which time we are permitted to repurchase up to an aggregate of \$10.0 million of our common stock. Our credit agreement does permit us to repurchase up to \$0.5 million of our common stock per year in connection with the vesting of restricted stock. As of July 26, 2010, we have purchased 2.7 million shares of our Class A common stock for an aggregate \$14.2 million.

Our credit agreement prohibits us from paying cash dividends on our common stock until our consolidated total debt is less than five times our consolidated operating cash flow at which time we are permitted to pay cash dividends in an amount up to an aggregate of \$5.0 million per year.

We expect to provide for future liquidity needs through one or a combination of the following sources of liquidity:

internally generated cash flow;

our credit facility;

additional borrowings, other than under our existing credit facility, to the extent permitted thereunder; and

additional equity offerings.

We believe that we will have sufficient liquidity and capital resources to permit us to provide for our liquidity requirements and meet our financial obligations for the next twelve months. However, poor financial results, unanticipated acquisition opportunities or unanticipated expenses could give rise to defaults under our credit facility, additional debt servicing requirements or other additional financing or liquidity

requirements sooner than we expect and we may not secure financing when needed or on acceptable terms.

**Table of Contents**

Our ability to reduce our total debt ratio, as defined by our credit agreement, by increasing operating cash flow and/or decreasing long-term debt will determine how much, if any, of the remaining commitments under the revolving portion of our credit facility will be available to us in the future. Poor financial results or unanticipated expenses could result in our failure to maintain or lower our total leverage ratio and we may not be permitted to make any additional borrowings under the revolving portion of our credit facility.

The following summary table presents a comparison of our capital resources for the six months ended June 30, 2009 and 2010 with respect to certain of our key measures affecting our liquidity. The changes set forth in the table are discussed in greater detail below. This section should be read in conjunction with the financial statements and notes to financial statements included in Item 1 of this report.

	<b>Six months ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net cash provided by operating activities	\$ 6,137,608	\$ 7,280,208
Net cash used in investing activities	(252,595)	(306,454)
Net cash used in financing activities	(4,463,699)	(4,943,733)
Net increase in cash and cash equivalents	\$ 1,421,314	\$ 2,030,021

*Net Cash Provided By Operating Activities.* Net cash provided by operating activities increased by \$1.1 million during the six months ended June 30, 2010 compared to the same period in 2009 primarily due to a \$2.9 million decrease in cash paid for station operating expenses. This increase was partially offset by a \$1.9 million decrease in cash receipts from the sale of advertising airtime.

*Net Cash Used In Investing Activities.* Net cash used in investing activities in the six months ended June 30, 2010 was primarily due to cash payments for capital expenditures of \$0.4 million. Net cash used in investing activities for the same period in 2009 was primarily due to cash payments for capital expenditures of \$0.4 million.

*Net Cash Used In Financing Activities.* Net cash used in financing activities in the six months ended June 30, 2010 was primarily due to repayments of \$4.0 million under our credit facility, payments of \$0.6 million of loan fees related to the amended credit agreement, and \$0.3 million for repurchases of our Class A common stock. Net cash used in financing activities for the same period in 2009 was primarily due to repayments of \$3.5 million under our credit facility, and payments of \$0.8 million of loan fees related to the amended credit agreement.

*Credit Facility.* As of July 26, 2010, the outstanding balance of our credit facility was \$147.8 million. As of June 30, 2010, the credit facility consists of a revolving credit loan with a maximum commitment of \$65.0 million and a term loan with a remaining balance of \$92.5 million. As of June 30, 2010, we had \$9.7 million in remaining commitments available under the revolving credit loan of our credit facility. The revolving credit loan includes a \$5.0 million sub-limit for letters of credit which may not be increased. At our election, the revolving credit loan and term loan may bear interest at either the base rate or LIBOR plus a margin that is determined by our debt to operating cash flow ratio. The base rate is equal to the higher of the prime rate, the federal funds effective rate, or the one month LIBOR quoted rate plus 1.0%. Interest on base rate loans is payable quarterly through maturity. Interest on LIBOR loans is payable on the last day of the selected LIBOR period and, if the selected period is longer than three months, every three months after the beginning of the LIBOR period. The revolving credit loan and term loan carried interest, based on LIBOR, at 4.2747% and 4.4511% as of December 31, 2009 and June 30, 2010, respectively, and mature on June 30, 2015. The scheduled reductions in the amount available under the revolving credit loan may require principal repayments if the outstanding balance at that time exceeds the maximum amount available under the revolving credit loan.

As of June 30, 2010, the scheduled repayments of the credit facility for the remainder of 2010, the next four years, and thereafter are as follows:

	<b>Revolving credit loan</b>	<b>Term loan</b>	<b>Total credit facility</b>
2010	\$	\$ 2,465,510	\$ 2,465,510
2011		7,149,978	7,149,978
2012		7,889,631	7,889,631
2013		5,646,508	15,015,445

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2014	20,426,389	9,862,039	30,288,428
Thereafter	29,253,819	55,720,521	84,974,340
Total	\$ 55,326,716	\$ 92,456,616	\$ 147,783,332

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**Table of Contents**

The credit agreement requires us to comply with certain financial covenants which are defined in the credit agreement. As of June 30, 2010, these financial covenants included:

*Consolidated Total Debt Ratio.* On the last day of each fiscal quarter through September 30, 2010, our consolidated total debt must not exceed 7.5 times our consolidated operating cash flow for the four quarters then ending. For the period from October 1, 2010 through March 31, 2011, the maximum ratio is 7.25 times. On June 30, 2011, the maximum ratio is 7.0 times. On September 30, 2011, the maximum ratio is 6.75 times. On December 31, 2011, the maximum ratio is 6.5 times. For the period from January 1, 2012 through June 30, 2015, the maximum ratio is 4.75 times.

*Consolidated Interest Coverage Ratio.* Our consolidated operating cash flow for the four quarters ending on the last day of each fiscal quarter through December 31, 2010 must not be less than 1.75 times our consolidated cash interest expense for the four quarters then ending. For the period from January 1, 2011 through September 30, 2011, the minimum ratio is 1.875 times. For the period from October 1, 2011 through June 30, 2015, the minimum ratio is 2.0 times.

*Consolidated Fixed Charge Coverage Ratio.* Our consolidated operating cash flow for the four quarters ending on the last day of each fiscal quarter through September 30, 2010 must not be less than 1.1 times our consolidated fixed charges for the four quarters then ending. For the period from October 1, 2010 through December 31, 2011, the minimum ratio is 1.05 times. For the period from January 1, 2012 through June 30, 2015, the minimum ratio is 1.1 times. Consolidated fixed charges include cash paid for interest, income taxes, capital expenditures, scheduled principal repayments, and agency and commitment fees.

Failure to comply with these financial covenants, scheduled interest payments, scheduled principal repayments, or any other terms of our credit agreement could result in the acceleration of the maturity of our outstanding debt, which could have a material adverse effect on our business or results of operations. As of June 30, 2010, we believe we were in compliance with all applicable financial covenants under our credit agreement.

The credit agreement also contains other customary restrictive covenants. These covenants limit our ability to: incur additional indebtedness and liens; repurchase our common stock; pay cash dividends; enter into certain investments or joint ventures; consolidate, merge or effect asset sales; enter sale and lease-back transactions; sell or discount accounts receivable; enter into transactions with affiliates or stockholders; or change the nature of our business.

The credit facility is secured by substantially all of our assets and is guaranteed jointly and severally by the Company and all of our subsidiaries. The guarantees were issued to our lenders for repayment of the outstanding balance of the credit facility. If we default under the terms of the credit agreement, our subsidiaries may be required to perform under their guarantees. As of June 30, 2010, the maximum amount of undiscounted payments our subsidiaries would have had to make in the event of default was \$147.8 million. The guarantees for the revolving credit loan and term loan expire on June 30, 2015.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not required for smaller reporting companies.

**ITEM 4. CONTROLS AND PROCEDURES.**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Table of Contents****PART II OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS.**

We currently and from time to time are involved in litigation and are the subject of threats of litigation that are incidental to the conduct of our business. These include indecency claims and related proceedings at the FCC as well as claims and threatened claims by private third parties. However, we are not a party to any lawsuit or other proceedings, or the subject of any threatened lawsuit or other proceedings, which, in the opinion of management, is likely to have a material adverse effect on our financial condition or results of operations.

**ITEM 1A. RISK FACTORS.**

The risks affecting our Company are described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009. There have been no material changes to the risks affecting our Company during the second quarter of 2010.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

The following table presents information with respect to purchases we made of our Class A common stock during the three months ended June 30, 2010.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value That May Yet Be Purchased Under the Program
April 1 30, 2010	1,000	\$ 4.43		\$
May 1 31, 2010				
June 1 30, 2010	35,688	5.12		
Total	36,688			

On March 27, 2007, our board of directors approved the Beasley Broadcast Group, Inc. 2007 Equity Incentive Award Plan (the 2007 Plan ) which was also approved by our stockholders at the Annual Meeting of Stockholders on June 7, 2007. The 2007 Plan permits us to purchase sufficient shares to fund withholding taxes in connection with the vesting of restricted stock and expires on March 27, 2017. All shares purchased during the three months ended June 30, 2010, were purchased to fund withholding taxes in connection with the vesting of restricted stock. We currently have no publicly announced share purchase programs.

Our credit agreement prohibits us from repurchasing additional shares of our common stock until our consolidated total debt is less than five times our consolidated operating cash flow at which time we are permitted to repurchase up to an aggregate of \$10.0 million of our common stock. Our credit agreement does permit us to repurchase up to \$0.5 million of our common stock per year in connection with vesting of restricted stock.

Our credit agreement prohibits us from paying cash dividends on our common stock until our consolidated total debt is less than five times our consolidated operating cash flow at which time we are permitted to pay cash dividends in an amount up to an aggregate of \$5.0 million per year.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 5. OTHER INFORMATION.**

None.



**Table of Contents**

**ITEM 6. EXHIBITS.**

**Exhibit**

<b>Number</b>	<b>Description</b>
31.1	Certification of Chief Executive Officer pursuant to Rule 15d-14(a) (17 CFR 240.15d-14(a)).
31.2	Certification of Vice President, Chief Financial Officer, Secretary and Treasurer pursuant to Rule 15d-14(a) (17 CFR 240.15d-14(a)).
32.1	Certification of Chief Executive Officer pursuant to Rule 15d-14(b) (17 CFR 240.15d-14(b)) and 18 U.S.C. Section 1350.
32.2	Certification of Vice President, Chief Financial Officer, Secretary and Treasurer pursuant to Rule 15d-14(b) (17 CFR 240.15d-14(b)) and 18 U.S.C. Section 1350.



**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BEASLEY BROADCAST GROUP, INC.**

Dated: August 2, 2010

/s/ George G. Beasley  
Name: George G. Beasley  
Title: Chairman of the Board and Chief Executive Officer

Dated: August 2, 2010

/s/ Caroline Beasley  
Name: Caroline Beasley  
Title: Vice President, Chief Financial Officer, Secretary,  
Treasurer and Director (principal financial and accounting  
officer)