

BEASLEY BROADCAST GROUP INC
Form 10-K
February 19, 2019
Table of Contents

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

or

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

For the transition period from _____ to _____

Commission File Number: 000-29253

BEASLEY BROADCAST GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

65-0960915
(I.R.S. Employer
Identification No.)

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)

Securities Registered pursuant to Section 12(b) of the Act:

None

Securities Registered pursuant to Section 12(g) of the Act:

Class A Common Stock, \$.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 29, 2018, the aggregate market value of the Class A Common Stock held by non-affiliates of the registrant was \$52,792,021 based on the number of shares outstanding as of such date and the closing price of \$11.20 on NASDAQ's National Market System on such date, the last business day of our most recently completed second fiscal quarter.

Class A Common Stock, \$.001 par value, 10,907,934 Shares Outstanding as of February 8, 2019

Class B Common Stock, \$.001 par value, 16,662,743 Shares Outstanding as of February 8, 2019

Documents Incorporated by Reference

Certain information in the registrant's Definitive Proxy Statement on Schedule 14A for its 2019 Annual Meeting of Stockholders, is incorporated by reference in Part III of this report.

Table of Contents

BEASLEY BROADCAST GROUP, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	Page
<u>Part I Financial Information</u>	
Item 1. <u>Business.</u>	3
Item 1A. <u>Risk Factors.</u>	9
Item 1B. <u>Unresolved Staff Comments.</u>	16
Item 2. <u>Properties.</u>	17
Item 3. <u>Legal Proceedings.</u>	17
Item 4. <u>Mine Safety Disclosures.</u>	17
<u>Part II Other Information</u>	
Item 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.</u>	18
Item 6. <u>Selected Financial Data.</u>	19
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	19
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	27
Item 8. <u>Financial Statements and Supplementary Data.</u>	28
Item 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.</u>	54
Item 9A. <u>Controls and Procedures.</u>	54
Item 9B. <u>Other Information.</u>	55
<u>Part III</u>	
Item 10. <u>Directors, Executive Officers and Corporate Governance.</u>	56
Item 11. <u>Executive Compensation.</u>	56
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.</u>	56
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence.</u>	56
Item 14. <u>Principal Accounting Fees and Services.</u>	56
<u>Part IV</u>	
Item 15. <u>Exhibits, Financial Statement Schedules.</u>	57
Item 16. <u>Form 10-K Summary.</u>	58
<u>Signatures</u>	59

CERTAIN DEFINITIONS

Unless the context requires otherwise, all references in this report to the Company, we, us, our, and similar terms refer to Beasley Broadcast Group, Inc. and its consolidated subsidiaries.

Table of Contents

PART I

ITEM 1. BUSINESS

Overview

We are a radio broadcasting company whose primary business is operating radio stations throughout the United States. We own and operate 64 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Detroit, MI, Fayetteville, NC, Fort Myers-Naples, FL, Las Vegas, NV, Middlesex, NJ, Monmouth, NJ, Morristown, NJ, Philadelphia, PA, Tampa-Saint Petersburg, FL, West Palm Beach-Boca Raton, FL, and Wilmington, DE. We refer to each group of radio stations in each radio market as a market cluster. Beasley Broadcast Group, Inc., a Delaware corporation, was formed in 1999.

Acquisition of Greater Media, Inc.

On November 1, 2016, we completed the acquisition of Greater Media, Inc. (Greater Media), pursuant to the merger agreement, dated as of July 19, 2016 by and among the Company, Greater Media, Beasley Media Group 2, Inc., an indirect wholly-owned subsidiary of the Company (Merger Sub), and Peter A. Bordes, Jr., as the Stockholders Representative (the Merger Agreement). On the Closing Date, Merger Sub was merged with and into Greater Media, with Greater Media surviving the merger as an indirect wholly-owned subsidiary of the Company (the Merger). As a result of the Merger, the Company added 21 radio stations in the Boston, MA, Detroit, MI, Charlotte, NC, Middlesex, NJ, Monmouth, NJ, Morristown, NJ and Philadelphia, PA markets.

Strategy

We seek to secure and maintain a leadership position in the markets we serve by developing market-leading clusters of radio stations in each of our markets. We operate our radio stations in clusters to capture a variety of demographic listener groups, which we believe enhances our radio stations appeal to a wide range of advertisers. In addition, we have been able to achieve operating efficiencies by consolidating office and studio space where possible to minimize duplicative management positions and reduce overhead expenses. Current FCC rules and regulations do not permit us to add more AM or FM radio stations to our Augusta, GA market cluster, or more FM radio stations to our Boston, MA, Charlotte, NC, Fayetteville, NC, Fort Myers-Naples, FL, Philadelphia, PA, and Tampa-Saint Petersburg, FL market clusters.

Competition

The radio broadcasting industry is highly competitive. Our radio stations compete for listeners and advertising revenue with other radio stations within their respective markets. In addition, our radio stations compete with other media such as broadcast and cable television, newspapers and magazines, outdoor advertising, direct mail, internet radio, satellite radio, smart phones, tablets, and other wireless media, the internet, social media such as Facebook and Twitter, and other forms of advertising.

The following are some of the factors that we believe are important to a radio station s competitive position: (i) audience ratings; (ii) program content; (iii) management experience; (iv) sales experience; (v) audience characteristics; and (vi) the number and characteristics of other radio stations and other advertising media in the market area. We attempt to improve our competitive position with promotional campaigns aimed at the demographic groups targeted by our radio stations and by sales efforts designed to attract advertisers. We conduct extensive market

research in an effort to enhance our audience ratings and, in certain circumstances, to identify opportunities to reformat radio stations to reach underserved demographic groups and increase advertising revenue.

Federal Regulation of Radio Broadcasting

The radio broadcasting industry is subject to extensive and changing federal regulations administered by the Federal Communications Commission (the FCC). Among other things, the FCC:

determines the particular frequencies, locations, operating powers and other technical parameters of radio stations;

issues, renews, revokes, conditions and modifies radio station licenses;

determines whether to approve changes in ownership or control of radio station licenses;

regulates equipment used by radio stations; and

adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, program content and employment practices of radio stations.

Table of Contents

The FCC has the power to impose penalties for violations of its rules that are implemented pursuant to the Communications Act of 1934, as amended (the Communications Act), including the imposition of monetary forfeitures, the issuance of short-term licenses, the imposition of conditions on the renewal of a license, and, in egregious cases, non-renewal of licenses and the revocation of licenses.

The following is a brief summary of some provisions of the Communications Act and of certain specific FCC rules and policies. The summary is not a comprehensive listing of all of the regulations and policies affecting radio stations. For further information concerning the nature and extent of federal regulation of radio stations, you should refer to the Communications Act, FCC rules and FCC public notices, reports, orders and rulings.

FCC Licenses. Radio stations operate pursuant to broadcasting licenses that are ordinarily granted by the FCC for renewable terms of eight years. A radio station may continue to operate beyond the expiration date of its license if a timely filed license renewal application is pending. During the period following the filing of renewal applications, petitions to deny license renewals can be filed by interested parties, including members of the public. Generally, the FCC renews a broadcast license upon a finding that (i) the broadcast station has served the public interest, convenience and necessity; (ii) there have been no serious violations by the licensee of the Communications Act or the FCC's rules; and (iii) there have been no other violations by the licensee of the Communications Act or other FCC rules which, taken together, indicate a pattern of abuse. Historically, FCC licenses have generally been renewed. The most recent renewal cycle started in June 2011 and concluded in April 2014. A new renewal cycle will begin in June 2019 and conclude in April 2022. The non-renewal of one or more of our licenses could have a material adverse effect on our business.

The FCC classifies each AM and FM radio station. An AM radio station operates on either a clear channel, regional channel or local channel. A clear channel is one on which AM radio stations are assigned to serve wide areas, particularly at night. The minimum and maximum facilities requirements for an FM radio station are determined by its class. Possible FM class designations depend upon the geographic zone in which the transmitter of the FM radio station is located. In general, commercial FM radio stations are classified as follows, in order of increasing power and antenna height: Class A, B1, C3, B, C2, C1, C0, or C.

Several years ago, the FCC authorized an additional 100 kHz of bandwidth for the AM band and has allotted frequencies in this new band to certain existing AM radio station licensees that applied for migration to the expanded AM band, including one of our radio stations, subject to the requirement that at the end of a transition period, those licensees return to the FCC the license for one of the AM band radio stations. Upon the completion of the migration process, it is expected that some AM radio stations will have improved coverage because of reduced interference. We have not completed our evaluation of the impact of the migration process on our operations but believe that such impact will not be significant. Current FCC requirements call for surrender of either the expanded band license or the existing band license. This surrender obligation is currently suspended. As part of an Order released in October 2015 with respect to revitalization of the AM band (the AM Improvement Order) the FCC adopted a Notice of Proposed Rulemaking seeking comment on its tentative conclusion that licensees that have not yet surrendered one of their licenses be required to do so. The surrender of either license will have no material impact on our results of operations or financial condition. As part of the AM Improvement Order, the FCC also launched a Notice of Inquiry with respect to the AM expanded band. The NOI sought comments regarding the FCC's tentative conclusion that AM expanded band licenses should be made available to additional stations and whether technical parameters applicable to expanded band stations should be modified. In October 2018, the FCC released a Notice of Proposed Rulemaking as part of its AM revitalization efforts that proposes to decrease the protections afforded to Class A AM stations, also known as clear channel AM stations. These stations are high-powered (broadcasting with 50 kilowatts) and receive broad interference protections during the daytime and nighttime, and, because of the technical characteristics of the AM band, can often be heard thousands of miles from their transmitter sites during nighttime hours. The Notice of

Proposed Rulemaking questions whether the interference protections afforded to clear channel Class A stations remain necessary and suggests that eliminating some of the protections would allow certain AM stations who provide localized service to increase power.

The FCC also permits AM and FM radio stations to operate FM translators and FM stations to operate FM booster stations. These are low power secondary stations that retransmit the programming of a radio station to portions of the station's service area that the primary signal does not reach because of distance or terrain barriers. Boosters operate on the same frequency as the station being retransmitted and translators operate on a different frequency.

The AM Improvement Order implemented several rule changes impacting the technical operations of AM stations, including relaxation of the daytime community coverage requirements and elimination of the nighttime community coverage requirements for existing AM stations. In addition, in an effort to increase the number of FM translators that are available for AM stations, the FCC authorized two specialized FM translator filing windows for AM stations. During these windows an AM station was permitted to modify one FM translator to move it up to 250 miles from its authorized site and operate the translator on any non-reserved band FM channel in the AM station's market, subject to coverage and interference rules. AM stations that received an FM translator station license pursuant to one of the windows are required to rebroadcast the paired AM station on the modified FM translator for four years. Several of our AM Stations filed applications during these windows and received licenses for translators. Following the conclusion of the two windows permitting existing translators to be modified, the FCC opened two windows for AM stations that did not participate in the modification windows to apply for new translators. We acquired a translator for one of our AM stations during the first window. Because translators are secondary to full power stations, it is possible that translators we operate could be displaced by full power stations.

Table of Contents

The FCC has adopted rules establishing a low power radio service. Low power FM stations operate in the existing FM radio band with a maximum operating power of 100 watts. FCC regulations regarding eligibility for and licensing of low power FM radio stations have expanded licensing opportunities for low power FM radio stations. Implementation of a low power radio service provides an additional audio programming service that could compete with our radio stations for listeners.

Indecency Regulation. The FCC's rules prohibit the broadcast of obscene material at any time and indecent material between the hours of 6 am and 10 pm. Broadcasters' risk of violating the prohibition on the broadcast of indecent material is increased by the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming. The FCC has expanded the breadth of indecency regulation to include material that could be considered blasphemy, personally reviling epithets, profanity and vulgar or coarse words, amounting to a nuisance. The maximum permitted fine for an indecency violation is \$407,270 per incident and \$3,759,410 for any continuing violation arising from a single act or failure to act. Because the FCC may investigate indecency complaints prior to notifying a licensee of the existence of a complaint, a licensee may not have knowledge of a complaint unless and until the complaint results in the issuance of a formal FCC letter of inquiry or notice of apparent liability for forfeiture. In July 2010, the U.S. Court of Appeals for the Second Circuit issued a decision finding that the FCC's indecency standard was too vague for broadcasters to interpret and therefore inconsistent with the First Amendment. In June 2012, the Supreme Court issued a decision which held that the FCC could not fine ABC and FOX for the specific broadcasts at issue in the case because the FCC had not provided them with sufficient notice of its intent to issue fines for the use of fleeting expletives. However, the Court did not make any substantive ruling regarding the FCC's indecency standards. In April 2013, the FCC requested comments on its indecency policy, including whether it should ban the use of fleeting expletives or whether it should only impose fines for broadcasts that involve repeated and deliberate use of expletives. The FCC has advised that it will continue to pursue enforcement actions in egregious cases while it conducts its review of its indecency policies generally and in March 2015 issued a Notice of Apparent Liability for the then maximum forfeiture amount of \$325,000 against a television station for violation of its indecency policy. We cannot predict whether Congress will consider or adopt further legislation in this area.

Transfers or Assignment of License. The Communications Act prohibits the assignment of broadcast licenses or the transfer of control of a broadcast licensee without the prior approval of the FCC. In determining whether to grant such approval, the FCC considers, among other things:

compliance with the various rules limiting common ownership of media properties in a given market;

the character of the proposed licensee and those persons holding attributable interests in the licensee; and

compliance with the Communications Act's limitations on alien ownership as well as compliance with other FCC regulations and policies.

To obtain FCC consent to assign or transfer control of a broadcast license, appropriate applications must be filed with the FCC. Interested parties, including members of the public, have the opportunity to file objections against assignment and transfer of control applications.

Multiple Ownership Rules. The Communications Act and FCC rules impose specific limits on the number of commercial radio stations an entity can own, directly or by attribution, in a single market and the combination of radio stations, television stations and newspapers that any entity can own, directly or by attribution, in a single market.

Digital radio channels authorized for AM and FM stations do not count as separate stations for purposes of the ownership limits. The radio multiple-ownership rules may preclude us from acquiring certain radio stations we might otherwise seek to acquire. The ownership rules also effectively prevent us from selling radio stations in a market to a buyer that has reached its ownership limit in the market unless that buyer divests other radio stations. The FCC's ownership rules that are currently in effect and apply to our broadcast holdings are briefly summarized below.

Local Radio Ownership Rule. The local radio ownership rule establishes the following limits:

in markets with 45 or more radio stations, ownership is limited to eight commercial radio stations, no more than five of which can be either AM or FM;

in markets with 30 to 44 radio stations, ownership is limited to seven commercial radio stations, no more than four of which can be either AM or FM;

in markets with 15 to 29 radio stations, ownership is limited to six commercial radio stations, no more than four of which can be either AM or FM; and

Table of Contents

in markets with 14 or fewer radio stations, ownership is limited to five commercial radio stations or no more than 50% of the market's total, whichever is lower, and no more than three of which can be either AM or FM. For stations located in a market in which the Nielsen Audio ratings service provides ratings, the definition of radio market is based on the radio market to which BIA Kelsey reports assign the affected radio stations. For stations that are not in a Nielsen Audio market, the market definition is based on technical service areas. The FCC's rules also provide that parties which own groups of radio stations that comply with the previous (contour based) multiple ownership rules, but do not comply with the current limits, will be allowed to retain those groups on a grandfathered basis, but will not be allowed to transfer or assign those groups intact. Under these rules, our ability to transfer or assign our radio stations as a group to a single buyer in one of our current markets may be limited.

Ownership Attribution. The FCC generally applies its ownership limits to attributable interests held by an individual, corporation, partnership or other entity. An attributable interest for purposes of the FCC's broadcast ownership rules generally includes: (i) equity and debt interests which combined exceed 33% of a licensee's total assets, if the interest holder supplies more than 15% of the licensee's total weekly programming, or has an attributable same-market media interest, whether television or radio; (ii) a 5% or greater direct or indirect voting stock interest, including certain interests held in trust, unless the holder is a qualified passive investor in which case the threshold is a 20% or greater voting stock interest; (iii) any equity interest in a limited liability company or a partnership, including a limited partnership, unless properly insulated from management activities; and (iv) any position as an officer or director of a licensee or its direct or indirect parent. In addition, the interests of minority shareholders in a corporation generally are not attributable if a single entity or individual controls 50% or more of that corporation's voting stock.

Foreign Ownership Rules. The Communications Act prohibits the issuance or holding of broadcast licenses by persons who are not U.S. citizens, whom the FCC rules refer to as aliens, including any corporation organized under the laws of a foreign country or of which more than 20% of its capital stock is owned or voted by aliens. In addition, the FCC may prohibit any corporation from holding a broadcast license if the corporation is controlled by any other corporation of which more than 25% of the capital stock is owned of record or voted by aliens. In the past, the FCC has interpreted the 25% foreign ownership limit for holding companies as an absolute prohibition. In November 2013, however, the FCC issued a Declaratory Ruling clarifying that it would review situations in which foreigners own more than 25% of a holding company of an entity that holds a broadcast license on a case by case basis. In 2016, the FCC adopted streamlined rules and procedures for the filing and review of requests to permit foreigners to own more than 25% of a holding company's equity. In acting upon a request for declaratory ruling, the FCC will coordinate with Executive Branch agencies on national security, law enforcement, foreign policy and other policy issues. The new rules also specify how public companies should monitor foreign ownership compliance and provide for remedial provisions in the event a public company determines that it has exceeded its foreign ownership limits. Broadcast licensees are required to obtain specific approval from the FCC before any foreign entity or individual acquires more than 5% of the licensee's equity or voting rights. The streamlined rules permit a broadcast licensee to file a petition with the FCC seeking approval for a proposed foreign investor to own up to 100% of the controlling parent entity and for a non-controlling foreign investor identified in the petition to increase its equity and/or voting interest in a parent entity at a future time up to 49.9 percent. This change will make it easier for broadcast licensees to seek foreign investors. Our certificate of incorporation prohibits the ownership, voting and transfer of our capital stock in violation of the FCC restrictions, and prohibits the issuance of capital stock or the voting rights such capital stock represents to or for the account of aliens or corporations otherwise subject to domination or control by aliens in excess of the FCC limits. The certificate of incorporation authorizes our board of directors to enforce these prohibitions. For example, the certificate of incorporation provides for the redemption of shares of our capital stock by action of the board of directors to the extent necessary to comply with these alien ownership restrictions.

Time Brokerage and Joint Sales Agreements. It is not uncommon for radio stations to enter into agreements under which separately owned and licensed radio stations agree to enter into cooperative arrangements of varying sorts,

subject to compliance with the requirements of antitrust laws and with FCC's rules and policies. Under these arrangements, separately-owned radio stations could agree to function cooperatively in programming, advertising sales and similar matters, subject to the requirement that the licensee of each radio station maintain independent control over the programming and operations of its own radio station.

The FCC's rules provide that a radio station that brokers more than 15% of the weekly broadcast time on another radio station serving the same market or sells more than 15% of the other station's advertising time per week will be considered to have an attributable ownership interest in the other radio station for purposes of the FCC's local radio ownership limits.

FCC rules also prohibit a broadcast station from duplicating more than 25% of its programming on another radio station in the same broadcast service, that is AM-AM or FM-FM, either through common ownership of the two radio stations or through a time brokerage agreement, where the brokered and brokering radio stations which it owns or programs serve substantially the same area.

Quadrennial Review of Ownership Rules. The FCC is required to review quadrennially the media ownership rules to modify, repeal, or retain any rules as it determines to be in the public interest. In August 2016, the FCC released an Order in a proceeding that combined the 2010 and 2014 quadrennial reviews which retained most of the existing multiple ownership rules. The Order readopted an Order the FCC released in 2014 which confirmed that Joint Sales Agreements (JSAs) between separately owned television

Table of Contents

stations in the same market would be attributable to a station selling more than 15% of the other station's advertising time. The FCC adopted one change that applies to radio stations in embedded markets—smaller markets within the boundaries of larger markets. Previously, such stations had to comply with the local radio multiple ownership rules in both the smaller and larger markets. Under the revised rules, such stations can request that application of the rules to the larger market be waived if the larger market does not accurately reflect the competition faced by stations in the embedded market. Several parties filed petitions requesting the FCC to reconsider its August 2016 Order. In November 2017, the FCC released an Order on Reconsideration that eliminated the newspaper-broadcast and television-radio cross ownership rules, relaxed the local television ownership rule and eliminated the attribution of JSAs between television stations, but did not make any changes to the local radio rules other than with respect to stations in embedded markets. The rule changes went into effect on February 7, 2018. However, several public interest organizations filed petitions for review with the Court of Appeals for the Third Circuit, the same court that has considered challenges to prior ownership orders issued by the FCC. Pursuant to a briefing schedule adopted by the Third Circuit, briefs of the parties and intervenors will be filed by the end of March 2019. In December 2018, the FCC released a Notice of Proposed Rulemaking to launch its 2018 quadrennial review of multiple ownership rules. The Notice of Proposed Rulemaking does not make any proposals but seeks comment regarding whether the local radio ownership rule limits should be modified. We cannot predict whether the FCC will adopt changes to the local radio ownership rule that would impact our holdings.

Programming and Operations. The Communications Act requires broadcasters to serve the public interest. The FCC gradually has relaxed or eliminated many of the more formalized procedures it had developed in the past to promote the broadcast of certain types of programming responsive to the needs of a radio station's community of license. Under the currently effective rules, a licensee is required to present programming that is responsive to issues of the radio station's community of license and to maintain records demonstrating this responsiveness. Under changes to the FCC rules implemented in 2017 and 2018, all of our radio stations are required to maintain their public inspection files online on an FCC maintained website rather than in their physical studios. This means that the materials in these stations' public files are more widely accessible. Radio stations also must pay regulatory and application fees and follow various rules promulgated under the Communications Act. Those rules regulate, among other things, political advertising, sponsorship identifications, the advertisement of contests and lotteries, employment practices, broadcast of obscene and indecent content, and technical operations, including limits on human exposure to radio frequency radiation.

The FCC's rules on equal employment opportunities prohibit employment discrimination by radio stations on the basis of race, religion, color, national origin, and gender; and require broadcasters to implement programs to promote equal employment opportunities at their radio stations. The rules generally require broadcasters to widely disseminate information about full-time job openings to all segments of the community to ensure that all qualified applicants have sufficient opportunity to apply for the job, to send job vacancy announcements to recruitment organizations and others in the community indicating an interest in all or some vacancies at the radio station, and to implement a number of specific longer-term recruitment outreach efforts, such as job fairs, internship programs, and interaction with educational and community groups from among a menu of approaches itemized by the FCC. In April 2017, the FCC issued a Declaratory Ruling permitting broadcast stations to use online job postings as their sole means of recruiting, as long as online postings reach all segments of a broadcaster's community.

Proposed and Recent Changes. Congress and the FCC are considering or may in the future consider and adopt new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of our radio stations, including the loss of audience share and advertising revenues for our radio stations, and an inability to acquire additional radio stations or to finance those acquisitions. Such matters may include:

changes in the FCC's multiple-ownership rules and attribution policies;

regulatory fees, spectrum use fees or other fees on FCC licenses;

changes in laws with respect to foreign ownership of broadcast licenses;

revisions to the FCC's rules relating to political broadcasting, including free airtime to candidates;

technical and frequency allocation matters;

proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages on radio;

proposals to restrict or prohibit the advertising of online casinos, online sports betting services and fantasy sports services;

proposals to require radio broadcasters to pay royalties to musicians and record labels for the performance of music played on the stations;

proposals to limit the tax deductibility of or impose sales tax on advertising expenses by advertisers;

Table of Contents

proposals to regulate or prohibit payments to stations by independent record promoters, record labels and others for the inclusion of specific content in broadcast programming; and

proposals in legislation to strengthen protections against online infringement of intellectual property that would impose criminal penalties on content providers, including broadcasters, that fail to comply with legal requirements to file reports regarding internet streaming in a timely manner.

The FCC has also adopted procedures for the auction of broadcast spectrum in circumstances where two or more parties have filed for new or major change applications that are mutually exclusive. Such procedures may limit our efforts to modify or expand the broadcast signals of our radio stations.

Federal legislation was enacted in February 2012 that, among other things, authorizes the FCC to conduct voluntary incentive auctions in order to reallocate certain spectrum currently occupied by television broadcast stations to mobile wireless broadband services, to repack television stations into a smaller portion of the existing television spectrum band, and to require certain television stations that do not relinquish spectrum in the auction to modify their transmission facilities, subject to reimbursement for reasonable relocation costs.

The FCC adopted rules concerning the incentive auction for broadcast television spectrum and the repacking of the television band. Under the auction rules implemented by the FCC, television stations were given an opportunity to offer spectrum for sale to the government in a reverse auction while wireless providers bid to acquire spectrum from the government in a related forward auction. The incentive auction concluded in April 2017 when the FCC issued a Public Notice announcing the television stations that had relinquished spectrum in the auction and the stations that are being repacked to different channels and establishing deadlines for stations being repacked to file applications to modify their facilities and complete construction of authorized repacked facilities. The FCC will reimburse stations for reasonable relocation costs. The original reimbursement limit across all stations was \$1.75 billion. However, in March 2018, Congress authorized an additional \$1.0 billion to be used for reimbursements related to repacking and directed that of that amount not more than \$50.0 million of that amount could be used to reimburse FM stations that share towers with television stations being repacked and are required to modify their facilities on a temporary or permanent basis to accommodate changes made by the television stations. In August 2018, the FCC issued a Notice of Proposed Rulemaking proposing to adopt procedures to implement reimbursements to FM stations as well as to low power television and television translator stations that will be displaced, which is pending. In connection with the repacking process as required by the FCC it is possible that some of our FM stations will be required to operate from interim facilities during the period that television stations that they share tower space with are modifying their facilities.

We cannot predict what other matters might be considered in the future by the FCC or Congress, nor can we judge in advance what impact, if any, the implementation of any of these proposals or changes might have on our business.

Federal Antitrust Laws. The agencies responsible for enforcing the federal antitrust laws, the Federal Trade Commission or the Department of Justice, may investigate certain acquisitions. We cannot predict the outcome of any specific FTC or Department of Justice investigation. Any decision by the FTC or the Department of Justice to challenge a proposed acquisition could affect our ability to consummate the acquisition or to consummate it on the proposed terms.

For an acquisition meeting certain size thresholds, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires the parties to file Notification and Report Forms concerning antitrust issues with the FTC and the Department of Justice and to observe specified waiting period requirements before consummating the acquisition.

HD Radio

The FCC selected In-Band On-Channel technology as the exclusive technology for introduction of terrestrial digital operations by AM and FM radio stations. The technology is also known as HD Radio. The advantages of digital audio broadcasting over traditional analog broadcasting technology include improved sound quality, the ability to broadcast additional channels, and the ability to offer a greater variety of auxiliary services. We currently utilize HD Radio digital technology on most of our stations.

Seasonality

Seasonal revenue fluctuations are common in the radio broadcasting industry and are due primarily to fluctuations in advertising expenditures. Our net revenues are typically lowest in the first calendar quarter of the year.

Table of Contents

Employees

As of February 8, 2019, we had a staff of 810 full-time employees and 678 part-time employees. We are a party to two separate collective bargaining agreements with the American Federation of Television and Radio Artists. These agreements apply only to certain of our employees at two radio station in Philadelphia. One of the collective bargaining agreements expires on March 31, 2019 then automatically renews for successive one-year periods unless either party gives a notice of proposed termination at least sixty days prior to a renewal date while the other agreement automatically renews for successive one-year periods unless either party gives a notice of proposed termination at least sixty days prior to a renewal date. We are also a party to a collective bargaining agreement with the United Electrical, Radio and Machine Workers of America Local 262. This agreement applies only to certain of our employees at one radio station in Boston. The initial term of the collective bargaining agreement expires on July 16, 2021 then automatically renews for successive one-year periods unless either party gives a notice of proposed modification or termination at least sixty days prior to the expiration date or a subsequent renewal date. We consider our relations with our employees to be good.

Environmental

As the owner, lessee or operator of various real properties and facilities, we are subject to federal, state and local environmental laws and regulations. Historically, compliance with these laws and regulations has not had a material adverse effect on our business. There can be no assurance, however, that compliance with existing or new environmental laws and regulations will not require us to make significant expenditures in the future.

Available Information

Our internet address is www.bbgi.com. You may obtain through our internet website, free of charge, copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). These reports will be available as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the Commission or SEC).

The Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission, www.sec.gov.

ITEM 1A. RISK FACTORS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this annual report on Form 10-K concerning our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Exchange Act. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as expects, anticipates, intends, plans, believes, estimates and similar expressions are forward-looking statements. Although these statements are based upon assumptions we consider reasonable, they are subject to risks and uncertainties that are described more fully below. Accordingly, we can give no assurance that we will achieve the results anticipated or implied by our forward-looking statements.

The radio broadcasting industry faces many unpredictable business risks and is sensitive to external economic forces that could have a material adverse effect on our advertising revenues and results of operations.

Our future operations are subject to many business risks, including those risks that specifically influence the radio broadcasting industry, which could have a material adverse effect on our business. These risks include, but are not limited to:

shifts in population, demographics or audience preferences;

increased competition for advertising revenues with other radio stations, broadcast and cable television, newspapers and magazines, outdoor advertising, direct mail, internet radio, satellite radio, smart phones, tablets, and other wireless media, the internet, social media, smart speakers and other forms of advertising;

increased competition for advertising revenues from Amazon, Apple, Facebook and Google; and

changes in government regulations and policies and actions of federal regulatory bodies, including the Federal Communications Commission, Internal Revenue Service, United States Department of Justice, and the Federal Trade Commission.

The main source of our revenue is the sale of advertising. Our ability to sell advertising can be affected by, among other things:

economic conditions in the areas where our stations are located and in the nation as a whole;

the popularity of the programming offered by our stations;

Table of Contents

changes in population, demographics or audience preferences in the areas where our stations are located;

local and national advertising price fluctuations, which can be affected by the availability of programming, the popularity of programming, and the relative supply of and demand for commercial advertising;

our competitors' activities, including increased competition from other advertising-based mediums and new technologies;

decisions by advertisers to withdraw or delay planned advertising expenditures for any reason; and

other factors beyond our control.

In addition, we believe that for most businesses, advertising is a discretionary business expense, meaning that spending on advertising tends to decline disproportionately during an economic recession or downturn as compared to other types of business spending.

Further, our operations and revenues also tend to be seasonal in nature, with generally lower revenue generated in the first quarter of the year and generally higher revenue generated in the second and fourth quarters of the year. The seasonality of our business reflects the adult orientation of our formats and relationship between advertising purchases on these formats and the retail cycle. This seasonality causes, and will likely continue to cause a variation in our quarterly operating results. Such variations could have a material effect on the timing of our cash flows. In addition, our revenues tend to fluctuate between years, consistent with, among other things, increased advertising expenditures in even-numbered years by political candidates, political parties and special interest groups. This political spending typically is heaviest during the fourth quarter of such years.

Additionally, unfavorable changes in economic conditions as well as declining consumer confidence, recession and other factors could lead to decreased demand for advertising and negatively impact our advertising revenues and our results of operations. We cannot predict with accuracy the timing or duration of any economic downturn generally, or in the markets in which our advertisers operate. If the economic environment does worsen, there can be no assurance that we will not experience a decline in revenues, which may negatively impact our financial condition and results of operations.

Our radio stations may not be able to compete effectively in their respective markets for advertising revenues, which could adversely affect our revenue and cash flows.

We operate in a highly competitive business. A decline in our audience share or advertising rates in a particular market may cause a decline in the revenue and cash flows of our stations located in that market. Our radio stations compete for audiences and advertising revenues within their respective markets directly with other radio stations, as well as with other media outlets. These other media outlets include broadcast and cable television, newspapers and magazines, outdoor advertising, direct mail, internet radio, satellite radio, smart phones, tablets, and other wireless media, the internet, social media, smart speakers, and other forms of advertising. Our radio stations also compete for audiences and advertising revenues within their respective markets directly with Amazon, Apple, Facebook and Google.

Our radio stations could suffer a reduction in audience ratings or advertising revenue and could incur increased promotional and other expenses if:

another radio station in a market was to convert its programming to a format similar to, and thereby compete more directly with, one of our radio stations;

a new radio station was to adopt a comparable format or if an existing competitor were to improve its audience share; or

a current or new advertising alternative increased its share of local or national advertising revenue.

Other radio broadcasting companies may enter into markets in which we operate or may operate in the future. These companies may be larger and have more financial resources than we have. As a result, our radio stations may not be able to maintain or increase their current audience ratings and advertising revenues.

Further, advertising revenue may vary from even- to odd-numbered years based on the volatility and unpredictability of political advertising revenue. Political advertising revenue from elections, which is generally greater in even-numbered years, has the potential to create fluctuations in our operating results on a year-to-year basis. In addition, political advertising revenue is dependent on the level of political advertising expenditures and competitiveness of elections within each local market.

Table of Contents

If we are unable to develop compelling and differentiated digital content, products and services, our advertising revenues could be adversely affected.

In order to attract consumers and generate increased activity on our digital properties, we believe that we must offer compelling and differentiated content, products and services. However, acquiring, developing, and offering such content, products and services may require significant costs and time to develop, while consumer tastes may be difficult to predict and are subject to rapid change. If we are unable to provide content, products and services that are sufficiently attractive to our digital users, we may not be able to generate the increases in activity necessary to generate increased advertising revenues. In addition, although we have access to certain content provided by our other businesses, we may be required to make substantial payments to license such content. Many of our content arrangements with third parties are non-exclusive, so competitors may be able to offer similar or identical content. If we are not able to acquire or develop compelling content and do so at reasonable prices, or if other companies offer content that is similar to that provided by our digital department, we may not be able to attract and increase the engagement of digital consumers on our digital properties.

Continued growth in our digital business also depends on our ability to continue offering a competitive and distinctive range of advertising products and services for advertisers and publishers and our ability to maintain or increase prices for our advertising products and services. Continuing to develop and improve these products and services may require significant time and costs. If we cannot continue to develop and improve our advertising products and services or if prices for our advertising products and services decrease, our digital advertising revenues could be adversely affected.

Our success is dependent upon audience acceptance of our content, particularly our radio programs, which is difficult to predict.

Media and radio content production and distribution are inherently risky businesses because the revenues derived from the production and distribution of media content or a radio program, and the licensing of rights to the intellectual property associated with the content or program, depend primarily upon their acceptance and perceptions by the public, which are difficult to predict. The commercial success of content or a program also depends upon the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, and other tangible and intangible factors, all of which are difficult to predict.

Ratings for broadcast stations and traffic on a particular website are also factors that are weighed when advertisers determine which outlets to use and in determining the advertising rates that the outlet receives. Poor ratings or traffic levels can lead to a reduction in pricing and advertising revenues. For example, if there is an event causing a change of programming at one of our stations, there could be no assurance that any replacement programming would generate the same level of ratings, revenues, or profitability as the previous programming. In addition, changes in ratings methodology and technology could adversely impact our ratings and negatively affect our advertising revenues.

Finally, the costs of developing and distributing content and programming most popular with the public may change significantly if new performance royalties (such as those that have been proposed by members of Congress from time to time) are imposed upon radio broadcasters or internet operators, and such changes could have a material impact upon our business.

We may not remain competitive if we do not respond to changes in technology, standards and services that affect our industry.

The radio broadcasting industry is subject to technological change, evolving industry standards and the emergence of alternate media platforms, technologies and services. We may not have the resources to acquire and deploy other technologies or to introduce new services that could compete with these other technologies. Competition arising from other technologies or regulatory change may have an adverse effect on the radio broadcasting industry or on our Company. Various other audio technologies and services that have been developed and introduced include:

home and personal digital audio devices (e.g. smart phones, tablets, smart speakers);

satellite delivered digital audio radio services that offer numerous programming channels;

internet-based audio music services;

audio programming by internet content providers, internet radio stations, cable systems, direct broadcast satellite systems, personal communications services and other digital audio broadcast formats;

HD Radio, which provides multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services;

low power FM radio stations, which are non-commercial FM radio broadcast outlets that serve small, localized areas;

portable digital devices and systems that permit users to listen to programming on a time-delayed basis and to fast-forward through programming and/or advertisements; and

vehicles equipped with internet connectivity that increase the number of audio and video platforms available in vehicles (e.g. ATSC 3.0 technology).

Table of Contents

These and other new technologies have the potential to change the means by which advertisers can reach target audiences most effectively. We cannot predict the effect, if any, that competition arising from other technologies or regulatory change may have on the radio broadcasting industry or on our financial condition and results of operations.

Such new media and technology has resulted in increased fragmentation in the advertising market, and we cannot predict the effect, if any, that additional competition arising from new technologies may have across our business or our financial condition and results of operations, which may be adversely affected if we are not able to adapt successfully to these new media technologies or distribution platforms. The continuing growth and evolution of channels and platforms has increased our challenges in differentiating ourselves from other media platforms. We continually seek to develop and enhance our content offerings and distribution platforms/methodologies. Failure to effectively execute in these efforts, actions by our competitors, or other failures to deliver content effectively could hurt our ability to differentiate ourselves from our competitors and, as a result, have adverse effects across our business.

We are dependent on federally-issued licenses to operate our radio stations and are subject to extensive federal regulation.

The radio broadcasting industry is subject to extensive regulation by the FCC under the Communications Act. We are required to obtain licenses from the FCC to operate our radio stations. Our business depends upon maintaining our broadcast licenses, which are issued by the FCC for a term of eight years and are renewable. Although the vast majority of FCC radio station licenses are routinely renewed, we cannot assure you that the FCC will approve our future renewal applications or that the renewals will be for full eight-year terms or will not include conditions or qualifications that could adversely affect our operations. The non-renewal, or renewal with substantial conditions or modifications, of one or more of our licenses could have a material adverse effect on us. A renewal cycle for radio station licenses will begin in June 2019 and conclude in April 2022.

We must comply with extensive FCC regulations and policies regarding the ownership and operation of our radio stations. FCC regulations limit the number of radio stations that a licensee can own in a market, which could restrict our ability to consummate any future transactions and in certain circumstances could require us to divest one or more radio stations. Online music services such as Amazon Music Unlimited, Apple Music, Pandora and Spotify are not regulated by the FCC; therefore they are not subject to any ownership restrictions or FCC regulations governing their operations. Our ability to compete with online music services may be impeded because of the extensive FCC regulations to which we are subject. The FCC also requires radio stations to comply with certain technical requirements to limit interference between two or more radio stations. Possible changes in interference protections, creation of additional classes of FM stations, spectrum allocations and other technical rules may negatively affect the operation of our stations. If the FCC relaxes certain technical requirements, it could impair the signals transmitted by our radio stations and could have a material adverse effect on us. Moreover, these FCC regulations and others may change over time and we cannot assure you that those changes would not have a material adverse effect on us.

The FCC regulates FM translator stations as a secondary service, and in the event that an FM translator station causes actual interference to the signal of a radio or television station, FCC rules require the FM translator station to eliminate the interference and to suspend operations if the interference cannot be eliminated. If the FCC requires any FM translator station that we operate to modify its facilities to eliminate interference caused to another station or to cease broadcasting, it could materially impair the operations of the station that the FM translator rebroadcasts which could have a material adverse effect on us.

Vigorous enforcement of the FCC's indecency rules could have a material adverse effect on our business.

The FCC's rules prohibit the broadcast of obscene material at any time and indecent material between the hours of 6 a.m. and 10 p.m. The risk of violating the prohibition on the broadcast of indecent material is increased by the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming. The FCC has expanded the breadth of indecency regulation to include material that could be considered blasphemy, personally reviling epithets, profanity and vulgar or coarse words amounting to a nuisance. As a result, in the event that we broadcast material falling within the expanded breadth of the FCC's regulation, we could be subject to license revocation, renewal or qualifications proceedings, which would put the licenses that we depend on for our operations in jeopardy. In 2007, the monetary penalties for broadcasting indecent programming increased substantially. The current maximum permitted fines are \$407,270 per incident and \$3,759,410 for any continuing violation arising from a single act or failure to act. In a decision issued in June 2012, the Supreme Court did not find that the FCC's indecency standards were inconsistent with the First Amendment, which means the FCC may continue to enforce the standards. In April 2013, the FCC requested comments on its indecency policy. The FCC has advised that it will continue to pursue enforcement actions in egregious cases while it conducts its review of its indecency policy generally, and in March 2015, the FCC issued a Notice of Apparent Liability for the then maximum forfeiture amount of \$325,000 against a television station. Because the FCC may investigate indecency complaints prior to notifying a licensee of the existence of a complaint, a licensee may not have knowledge of a complaint unless and until the complaint results in the issuance of a formal FCC letter of inquiry or notice of apparent liability for forfeiture.

We may in the future become subject to additional inquiries or proceedings related to our radio stations' broadcast of indecent or obscene material. To the extent that these pending inquiries or other proceedings result in the imposition of fines, revocation of any of our radio station licenses or denials of license renewal applications, our business and results of operations could be materially adversely affected.

Table of Contents

Proposed legislation could require radio broadcasters to pay royalties to record labels and recording artists.

Legislation has been introduced in previous Congresses that would require radio broadcasters to pay a royalty to record labels and performing artists for use of their recorded songs. It is possible that such legislation will be introduced in the current Congress. Currently, we pay royalties to song composers and publishers through Broadcast Music, Inc. (BMI), the American Society of Composers, Authors and Publishers (ASCAP), Global Music Rights (GMR), SESAC, Inc. (SESAC) and Sound Exchange. The proposed legislation would add an additional layer of royalties to be paid directly to the record labels and artists. It is currently unknown what proposed legislation, if any, will become law, whether industry groups will enter into an agreement with respect to fees, and what significance this royalty would have on our results from operations, cash flows or financial position.

The FCC's Incentive Auctions may result in a loss of spectrum for broadcast stations and potentially adversely impact our ability to compete by potentially increasing spectrum for use by wireless carriers.

Federal legislation was enacted in February 2012 that, among other things, authorized the FCC to conduct voluntary incentive auctions in order to reallocate certain spectrum currently occupied by television broadcast stations to mobile wireless broadband services, to repack television stations into a smaller portion of the existing television spectrum band, and to require television stations that do not participate in the auction to modify their transmission facilities, subject to reimbursement for reasonable relocation costs.

Under the auction rules implemented by the FCC, television stations were given an opportunity to offer spectrum for sale to the government in a reverse auction while wireless providers bid to acquire spectrum from the government in a related forward auction. The incentive auction concluded in April 2017 when the FCC issued a Public Notice announcing the television stations that had relinquished spectrum in the auction and the stations to be repacked to different channels and establishing deadlines for stations being repacked to file applications to modify their facilities and complete construction of authorized repacked facilities. The FCC will reimburse stations for reasonable relocation costs. The original reimbursement limit applicable to all television stations being repacked was \$1.75 billion. In March 2018, Congress authorized an additional \$1 billion to be used for reimbursements related to repacking and directed that not more than \$50 million of that amount could be used to reimburse FM stations that share towers with television stations being repacked and are required to modify their facilities on a temporary or permanent basis to accommodate changes that television stations being repacked are required to make to their transmission facilities. We cannot predict whether the \$50 million authorized will be sufficient to reimburse radio stations for all costs incurred as a result of the repacking process.

We depend on selected market clusters of radio stations for a material portion of our net revenue.

The radio stations located in Boston, MA, Philadelphia, PA and Tampa-Saint Petersburg, FL contributed 58.8% of our net revenue in 2018. Accordingly, we have greater exposure to adverse events or conditions in any of these markets, such as changes in the economy, shifts in population or demographics, or changes in audience tastes, which could adversely impact our results from operations, cash flows or financial position.

We are exposed to credit risk on our accounts receivable. This risk is heightened during periods of uncertain economic conditions.

Our outstanding accounts receivable are not covered by collateral or credit insurance. While we have procedures to monitor and limit exposure to credit risk on our receivables, which risk is heightened during periods of uncertain economic conditions, there can be no assurance such procedures will effectively limit our credit risk and enable us to avoid losses, which could have a material adverse effect on our results from operations, cash flows or financial

position. We also maintain reserves to cover the uncollectibility of a portion of our accounts receivable. There can be no assurance that such bad debt reserves will be sufficient.

A future impairment of our FCC broadcasting licenses and/or goodwill could adversely affect our operating results.

As of December 31, 2018, our FCC broadcasting licenses and goodwill represented 79.6% of our total assets. We are required to test our FCC broadcasting licenses and goodwill for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that our FCC broadcasting licenses and goodwill might be impaired which may result in future impairment losses. The valuation of our FCC broadcasting licenses and goodwill is based on estimates rather than precise calculations. The fair value measurements for both our FCC broadcasting licenses and goodwill use significant unobservable inputs which reflect our own assumptions about the estimates that market participants would use in measuring fair value including assumptions about risk. If actual future results are not consistent with the assumptions and estimates used, we may be exposed to impairment charges in the future, which could be material and could adversely affect our results of operations. For further discussion, see Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Estimates of this report.

Table of Contents

We have substantial debt that could have important consequences to you.

We have debt that is substantial in relation to our stockholders' equity. As of December 31, 2018, we had long-term debt of \$252.0 million and stockholders' equity of \$275.0 million. Our long-term debt is substantial in amount and could have an impact on you. For example, it could:

require us to dedicate a substantial portion of our cash flows from operations to debt service, thereby reducing the availability of cash flows for other purposes, including ongoing capital expenditures and future acquisitions;

impair our ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate or other purposes;

limit our ability to compete, expand and make capital improvements;

increase our vulnerability to economic downturns, limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions; and

limit or prohibit our ability to pay dividends and make other distributions.

Our ability to reduce our Total Leverage Ratio (as defined in our credit agreement) by increasing operating cash flows and/or decreasing long-term debt will determine how much, if any, of the remaining commitments under 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 our credit facility. Any additional borrowings would further increase the amount of our debt and the associated risks. In addition, there can be no assurances that additional financing will be available or on terms that will be acceptable to us or at all.

We are subject to restrictive debt covenants, which may restrict our operational flexibility.

Our credit facility contains various financial and operating covenants, including, among other things, restrictions on our ability to incur additional indebtedness, subject our assets to additional liens, enter into certain investments, consolidate, merge or effect asset sales, enter into sale and lease-back transactions, sell or discount accounts receivable, enter into transactions with our affiliates or stockholders, change the nature of our business, pay dividends on and redeem or repurchase capital stock, or make other restricted payments. These restrictions could limit our ability to take actions that require funds in excess of those available to us.

Our credit facility also requires us to maintain specified financial ratios and to satisfy financial condition tests. Our ability to meet those financial ratios and tests may be affected by events beyond our control and we cannot assure you that we will meet those ratios and tests. If our revenues were to decrease significantly, it may become increasingly difficult for us to meet these financial covenants. Our breach of any of these covenants, ratios, tests or restrictions could result in an event of default under our credit facility. If an event of default exists under our credit facility, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable. If the lenders

accelerate the payment of the indebtedness, we cannot assure you that our assets would be sufficient to repay in full that indebtedness which could force us to seek protection under federal bankruptcy laws and could significantly or entirely reduce the value of our equity.

We may also incur future debt obligations in addition to, or in lieu of, our credit facility. Such future debt obligations might subject us to additional and different restrictive covenants that could further limit our operational flexibility or subject us to other events of default.

Our ability to pay regular dividends on our common stock is subject to the discretion of our Board of Directors and may be limited by our structure, statutory restrictions and restrictions imposed by our credit agreement as well as any future agreements.

We intend to pay a regular quarterly cash dividend, however future payments, if any, will be at the discretion of our Board of Directors. Future quarterly dividend payments can also be changed or discontinued at any time and will be subject to limitations under the terms of any existing credit agreements. The payment and timing of any future quarterly dividends will also depend upon, among other things, our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors.

Our corporate offices and several of our radio stations are located in areas that could be affected by hurricanes.

Florida is susceptible to hurricanes and we have our corporate offices and 14 radio stations located there. These radio stations contributed 15.4% of our net revenue in 2018. Although the 2018 hurricane season did not have a material impact on our operations, our corporate offices and our radio stations located in Florida and other radio stations located along the east coast of the United States could be materially affected by hurricanes in the future, which could have an adverse impact on our business, financial condition and results of operations. We carry property damage insurance on all of our properties and business interruption insurance on some of our properties, but there can be no assurance that such insurance would be adequate to cover all of our hurricane-related losses.

Table of Contents

The failure or destruction of the internet, satellite systems and transmitter facilities that we depend upon to distribute our programming could adversely affect our operating results.

We use studios, satellite systems, transmitter facilities and the internet to originate and/or distribute our station programs and commercials. We rely on third-party contracts and services to operate our origination and distribution facilities. These third-party contracts and services include, but are not limited to, electrical power, satellite transponders, uplinks and downlinks and telecom circuits. Distribution may be disrupted due to one or more third parties losing their ability to provide particular services to us, which could adversely affect our distribution capabilities. A disruption can be caused as a result of any number of events such as local disasters (accidental or environmental), various acts of terrorism, power outages, cyber-attacks, major telecom connectivity failures or satellite failures. Our ability to distribute programming to station audiences may be disrupted for an undetermined period of time until alternate facilities are engaged and put on-line. Furthermore, until third-party services resume, the inability to originate or distribute programming could have a material adverse effect on our business and results of operations.

Disruptions or security breaches of our information technology infrastructure could interfere with our operations, compromise client information and expose us to liability, possibly causing our business and reputation to suffer.

Any internal technology error or failure impacting systems hosted internally or externally, or any large scale external interruption in technology infrastructure we depend on, such as power, telecommunications or the internet, may disrupt our technology network. Any individual, sustained or repeated failure of technology could impact our customer service and result in increased costs or reduced revenues. Our technology systems and related data also may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Our technology security initiatives, disaster recovery plans and other measures may not be adequate or implemented properly to prevent a business disruption and its adverse financial consequences to our reputation.

In addition, as a part of our ordinary business operations, we may collect and store sensitive data, including personal information of our clients, listeners and employees. The secure operation of the networks and systems on which this type of information is stored, processed and maintained is critical to our business operations and strategy. Any compromise of our technology systems resulting from attacks by hackers or breaches due to employee error or malfeasance could result in the loss, disclosure, misappropriation of or access to clients', listeners', employees' or business partners' information. Any such loss, disclosure, misappropriation or access could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption of our operations and damage to our reputation, any or all of which could adversely affect our business.

Our business is dependent upon the proper functioning of our internal business processes and information systems and modification or interruption of such systems may disrupt our business, processes and internal controls.

We increasingly rely on technology to operate our business, including our own information technology systems and the information technology systems and technology of our third party providers. The proper functioning of our internal business processes and information systems is critical to the efficient operation and management of our business. If these information technology systems fail or are interrupted, our operations may be adversely affected and operating results could be harmed.

Our information technology systems, and those of third party providers, may also be vulnerable to damage or disruption caused by circumstances beyond our control. These include catastrophic events, power anomalies or outages and natural disasters, and, increasingly, technological risks associated with computer system or network failures, viruses or malware, physical or electronic intrusions, and unauthorized access associated with cyber-attacks. We have been the target of cyber-attacks, including phishing attacks, ransomware attacks, and attempted denial of service attacks, and future attacks are likely to occur. While no cyber-attack has had a material impact thus far, if successful, these types of attacks could have a material adverse effect on our financial condition, results of operations and cash flows, due to, among other things, the loss of customer data, interruptions to our operations, and damage to our reputation.

In addition, our business processes and information systems need to be sufficiently scalable to support the future growth of our business and may require modifications or upgrades that expose us to similar risks of damage or disruption. Any material disruption, malfunction or similar challenges with our business processes or information systems, or disruptions or challenges relating to the transition to new processes, systems or providers, could have a material adverse effect on our financial condition, results of operations and cash flows.

Table of Contents

We may lose key executives and other key employees, including on-air talent, to competing radio stations or other types of media competitors.

Our business depends upon the continued efforts, abilities and expertise of our executive officers and other key employees. The unique combination of skills and experience possessed by our key executives would be difficult to replace, and the loss of a key executive could impair our ability to execute our operating and acquisition strategies.

In addition, we compete for creative and performing on-air talent with other radio stations and radio station groups, radio networks, and other providers of syndicated content and other media such as broadcast television, cable television, satellite television, the internet and satellite radio. Our ability to attract and retain key personnel is an important aspect of our competitiveness. Our employees and other on-air talent are subject to change and may be lost to competitors or for other reasons. Any adverse changes in particular programs, formats or on-air talent could have a material adverse effect on our ratings and our ability to attract advertisers, which would negatively impact our business, financial condition or results of operations.

Our Chairman of the Board controls Beasley Broadcast Group, Inc. and members of his immediate family own a substantial equity interest in Beasley Broadcast Group, Inc. Their interests may conflict with yours.

George G. Beasley is generally able to control the vote on all matters submitted to a vote of stockholders. Without the approval of Mr. Beasley, we will be unable to consummate transactions involving an actual or potential change in control, including transactions in which you might otherwise receive a premium for your shares over then current market prices. Shares of Class B and Class A common stock that Mr. Beasley beneficially owns represent 59.4% of the total voting power of all classes of our common stock. Members of his immediate family also own significant amounts of Class B common stock. Mr. Beasley will be able to direct our management and policies, except with respect to those matters requiring a class vote under the provisions of our amended certificate of incorporation, third amended and restated bylaws or applicable law.

Historically, we have entered into certain transactions with George G. Beasley, members of his immediate family and affiliated entities that may conflict with the interests of our stockholders now or in the future. See Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operation Related Party Transactions and Note 16 to the accompanying financial statements.

Future sales by George G. Beasley or members of his family of our Class A common stock could adversely affect its market price.

George G. Beasley and members of his family beneficially own the majority of all outstanding shares of Class B common stock, which is convertible to Class A common stock on a one-for-one basis. The market for our Class A common stock could change substantially if George G. Beasley and members of his family convert their shares of Class B common stock to shares of Class A common stock and then sell large amounts of shares of Class A common stock in the public market.

These sales, or the possibility that these sales may occur, could make it more difficult for us to raise capital by selling equity or equity-related securities in the future.

The difficulties associated with any attempt to gain control of our Company may adversely affect the price of our Class A common stock.

Due to his large holdings of our common stock, George G. Beasley and members of his family control the decision whether any change of control of the Company will occur. Moreover, some provisions of our amended certificate of incorporation, fourth amended and restated bylaws and Delaware law could make it more difficult for a third party to acquire control of us, even if a change of control could be beneficial to you. In addition, the Communications Act and FCC rules and policies limit the number of stations that one individual or entity can own, directly or by attribution, in a market. FCC approval for transfers of control of FCC licensees and assignments of FCC licenses are also required. Because of the limitations and restrictions imposed on us by these provisions and regulations, the trading price of our Class A common stock may be adversely affected.

There may not be an active market for our Class A common stock, making it difficult for you to sell your stock.

Our stock may not be actively traded in the future. An illiquid market for our stock may result in price volatility and poor execution of buy and sell orders for investors. Our stock price and trading volume have fluctuated widely for a number of reasons, including some reasons that may be unrelated to our business or results of operations. This market volatility could depress the price of our Class A common stock without regard to our operating performance. In addition, our operating results may be below expectations of public market analysts and investors. If this were to occur, the market price of our Class A common stock could decrease, perhaps significantly.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents**ITEM 2. PROPERTIES**

As of February 8, 2019, we own or lease property for our radio stations in the following locations:

Location	Description	Owned/Leased
Atlanta, GA	All radio stations in our Atlanta, GA market cluster	Third party lease
Augusta, GA	All radio stations in our Augusta, GA market cluster	Owned
	Land for radio stations	Related party lease
Boca Raton, FL	All radio stations in our West Palm Beach-Boca Raton, FL market cluster	Third party lease
Boston, MA	All radio stations in our Boston, MA market cluster	Third party lease
Detroit, MI	All radio stations in our Detroit, MI market cluster	Owned
Camden, NJ	One radio station in our Philadelphia, PA market cluster	Owned
	Land for radio station	Related party lease
Charlotte, NC	All radio stations in our Charlotte, NC market cluster	Third party lease
Estero, FL	All radio stations in our Ft. Myers-Naples, FL market cluster	Related party lease
Fayetteville, NC	All radio stations in our Fayetteville, NC market cluster	Owned
Las Vegas, NV	All radio stations in our Las Vegas, NV market cluster	Related party lease
Middlesex, NJ	Two radio stations in our New Jersey market cluster	Owned
Monmouth, NJ	Two radio stations in our New Jersey market cluster	Owned
Morristown, NJ	Two radio stations in our New Jersey market cluster	Owned
Philadelphia, PA	Seven radio stations in our Philadelphia, PA market cluster	Third party lease
Tampa, FL	All radio stations in our Tampa-Saint Petersburg, FL market cluster	Third party lease
Wilmington, DE	One radio station	Third party lease

The land in Augusta, GA is leased from GGB Augusta, LLC, which is held by a trust for the benefit of Caroline Beasley, our CEO, Bruce G. Beasley, our President, Brian E. Beasley, our Chief Operating Officer, and other family members of George G. Beasley, our Chairman.

The land in Camden, NJ is leased from Beasley Family Towers, LLC which is partially held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members of George G. Beasley and partially owned directly by Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members.

The property in Estero, FL is leased from GGB Estero, LLC, which is held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members of George G. Beasley.

The property in Las Vegas, NV is leased from GGB Las Vegas, LLC, which is controlled by George G. Beasley.

In addition, we lease our principal executive offices in Naples, FL from Beasley Broadcasting Management, LLC, which is held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members of George G. Beasley.

No one property is material to us. We believe that our properties are generally in good condition and suitable for our operations. However, we continually look for opportunities to upgrade our properties and may do so in the future.

ITEM 3. LEGAL PROCEEDINGS

We currently and from time to time are involved in ordinary routine litigation incidental to the conduct of our business including indecency claims and related proceedings at the FCC, but we are not a party to any lawsuit or other proceedings that, in the opinion of management, is likely to have a material adverse effect on our financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

We have two authorized and outstanding classes of equity securities: Class A common stock, \$.001 par value, and Class B common stock, \$.001 par value. The only difference between the Class A and Class B common stock is that Class A is entitled to one vote per share and Class B is entitled to ten votes per share. Class B is convertible into Class A shares on a one-for-one share basis under certain circumstances. Our Class A common stock trades on the NASDAQ Global Market under the symbol BBGI. There is no established public trading market for our Class B common stock.

Holder

As of February 8, 2019, there were approximately 130 holders of record of our Class A common stock and 21 holders of record of our Class B common stock. The number of Class A common stock holders does not count separately the number of beneficial holders whose shares are held of record by a broker or clearing agency.

Dividends

Our credit agreement restricts our ability to pay cash dividends and to repurchase additional shares of our common stock. The credit agreement does permit, however, (i) dividends of up to an aggregate amount of \$7.5 million each year if our Total Leverage Ratio (as defined in the credit agreement) is greater than 3.5x and up to an aggregate amount of \$10.0 million each year if our Total Leverage Ratio is less than or equal to 3.5x, (ii) an amount equal to our excess cash flow each year that is not required to prepay the credit agreement, subject to maintaining a Total Leverage Ratio of no greater than 3.75x and (iii) unlimited dividends each year if our Total Leverage Ratio is less than 3.5x and our First Lien Leverage Ratio is less than 2.5x. We paid quarterly cash dividends in an aggregate annual amount of \$5.1 million in 2017 and \$5.4 million in 2018. On December 3, 2018, our board of directors declared a cash dividend of \$0.05 per share on our Class A and Class B common stock. The dividend of \$1.4 million in the aggregate was paid on January 8, 2019 to stockholders of record on December 31, 2018. We intend to pay quarterly cash dividends in 2019, however the declaration and payment of any future dividends will be at the sole discretion of the board of directors.

Repurchases of Equity Securities

The following table presents information with respect to purchases we made of our Class A common stock during the three months ended December 31, 2018.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced	Approximate Dollar Value That May Yet Be
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		Program	Purchased Under the Program
October 1	31, 2018		\$
November 1	30, 2018	3,750	\$ 6.32
December 1	31, 2018	42,800	3.64
Total		46,550	

On March 27, 2007, our board of directors approved the Beasley Broadcast Group, Inc. 2007 Equity Incentive Award Plan (the 2007 Plan). The original ten year term of the 2007 Plan ended on March 27, 2017. Our stockholders approved an amendment to the 2007 Plan at the Annual Meeting of Stockholders on June 8, 2017 to, among other things, extend the term of the 2007 Plan until March 27, 2027. The 2007 Plan permits us to purchase sufficient shares to fund withholding taxes in connection with the vesting of restricted stock units and shares of restricted stock. Our credit agreement permits us to repurchase sufficient shares of our common stock to fund withholding taxes in connection with the vesting of restricted stock units and shares of restricted stock, subject to compliance with financial covenants, up to an aggregate amount of \$2.5 million per year. All shares purchased during the three months ended December 31, 2018, were purchased to fund withholding taxes in connection with the vesting of restricted stock units and shares of restricted stock.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a radio broadcasting company whose primary business is operating radio stations throughout the United States. We own and operate 64 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Detroit, MI, Fayetteville, NC, Fort Myers-Naples, FL, Las Vegas, NV, Middlesex, NJ, Monmouth, NJ, Morristown, NJ, Philadelphia, PA, Tampa-Saint Petersburg, FL, West Palm Beach-Boca Raton, FL, and Wilmington, DE. We refer to each group of radio stations in each radio market as a market cluster.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements about the Company within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future, not past, events. All statements other than statements of historical fact included in this document are forward-looking statements. These forward-looking statements are based on the current beliefs and expectations of the Company's management and are subject to known and unknown risks and uncertainties. Forward-looking statements, which address the Company's expected business and financial performance and financial condition, among other matters, contain words such as: expects, anticipates, intends, plans, believes, estimates, may, will, plans, projects, could, should, would, seek, forecast, or other similar terms.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update or revise any forward-looking statements.

Forward-looking statements involve a number of risks and uncertainties, and actual results or events may differ materially from those projected or implied in those statements. Factors that could cause actual results or events to differ materially from these forward-looking statements include, but are not limited to:

- external economic forces that could have a material adverse impact on the Company's advertising revenues and results of operations;

- the ability of the Company's radio stations to compete effectively in their respective markets for advertising revenues;

- the ability of the Company to develop compelling and differentiated digital content, products and services;

audience acceptance of the Company's content, particularly its radio programs;

the ability of the Company to respond to changes in technology, standards and services that affect the radio industry;

the Company's dependence on federally issued licenses subject to extensive federal regulation;

actions by the FCC or new legislation affecting the radio industry;

our dependence on selected market clusters of radio stations for a material portion of our net revenue;

credit risk on our accounts receivable;

the risk that the Company's FCC broadcasting licenses and/or goodwill could become impaired;

the Company's substantial debt levels and the potential effect of restrictive debt covenants on the Company's operational flexibility and ability to pay dividends;

Table of Contents

the failure or destruction of the internet, satellite systems and transmitter facilities that the Company depends upon to distribute its programming;

disruptions or security breaches of the Company's information technology infrastructure;

the loss of key personnel;

the fact that the Company is controlled by the Beasley family, which creates difficulties for any attempt to gain control of the Company;

our ability to integrate acquired businesses and achieve fully the strategic and financial objectives related thereto and their impact on our financial condition and results of operations;

other economic, business, competitive, and regulatory factors affecting the businesses of the Company, including those set forth in the Company's filings with the SEC.

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. We do not intend, and undertake no obligation, to update any forward-looking statement.

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 commercial spots to advertisers directly or through national, regional or local advertising agencies. Revenues are reported at the amount we expect to be entitled to receive under the contract. Local revenue generally consists of commercial advertising sales, digital advertising sales and other 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 commercial advertising sales through advertiser agencies. National advertiser agencies generally purchase advertising for multiple markets. National sales are generally facilitated by our national representation firm, which serves as our agent in these transactions.

Our net revenue is generally determined by the advertising rates that we are able to charge and the number of advertisements that we can broadcast without jeopardizing listener levels. 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 periodic reports issued by Nielson Audio;

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

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.

We also continue to invest in digital support services to develop and promote our radio station websites, applications, and other distribution platforms. We derive revenue from our websites through the sale of advertiser promotions and advertising on our websites and the sale of advertising airtime during audio streaming of our radio stations over the internet. We also generate revenue from selling other digital products.

Operating Expenses. Our operating expenses consist primarily of (i) programming, engineering, sales, advertising and promotion, and general and administrative expenses incurred at our radio stations, (ii) general and administrative expenses, including compensation and other expenses, incurred at our corporate offices, and (iii) 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.

Table of Contents

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.

Accounts Receivable. We continually evaluate our ability to collect our accounts receivable. Our ongoing evaluation includes review of specific accounts at our radio stations, the current financial condition of our customers and our historical write-off experience. This ongoing evaluation requires management judgment and if we had made different assumptions about these factors, the allowance for doubtful accounts could have been materially different.

Property and Equipment. We are required to assess the recoverability of our property and equipment whenever an event has occurred that may result in an impairment loss. If such an event occurs, we will compare estimates of related future undiscounted cash flows to the carrying amount of the asset. If the future undiscounted cash flow estimates are less than the carrying amount of the asset, we will reduce the carrying amount to the estimated fair value. The determination of when an event has occurred and estimates of future cash flows and fair value all require management judgment. The use of different assumptions or estimates may result in alternative assessments that could be materially different. We did not identify any events that may have resulted in an impairment loss on our property and equipment in 2018. However, there can be no assurance that impairments of our property and equipment will not occur in future periods.

FCC Broadcasting Licenses. As of December 31, 2018, FCC broadcasting licenses with an aggregate carrying amount of \$516.7 million represented 75.9% of our total assets. We are required to test our licenses for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that our licenses might be impaired. In 2018, we elected to perform the quantitative impairment test for our licenses in all markets. The quantitative impairment test, performed as of November 30, 2018, compares the fair value of our licenses with their carrying amounts. If the carrying amounts of the licenses exceed their fair value, an impairment loss is recognized in an amount equal to that excess. For the purpose of testing our licenses for impairment, we combine our licenses into reporting units based on our market clusters.

We estimate the fair value of our licenses using an income approach. The income approach measures the expected economic benefits the licenses provide and discounts these future benefits using discounted cash flow analyses. The discounted cash flow analyses assume that each license is held by a hypothetical start-up radio station and the value yielded by the discounted cash flow analyses represents the portion of the radio station's value attributable solely to its license. The discounted cash flow model incorporates variables such as radio market revenues; the projected growth rate for radio market revenues; projected radio market revenue share; projected radio station operating income margins; and a discount rate appropriate for the radio broadcasting industry. The variables used in the analyses reflect historical radio station and market growth trends, as well as anticipated radio station performance, industry standards, and market conditions. The discounted cash flow projection period of ten years was determined to be an appropriate time horizon for the analyses. Stable market revenue share and operating margins are expected at the end of year three (maturity).

As of November 30, 2018, the key assumptions used in the discounted cash flow analyses are as follows:

Revenue growth rates	(0.8)%	1.4%
Market revenue shares at maturity	1.1%	42.0%
Operating income margins at maturity	20.4%	38.6%
Discount rate		9.0%

If we had made different assumptions or used different estimates, the fair value of our licenses could have been materially different. If actual results are different from assumptions or estimates used in the discounted cash flow analyses, we may incur impairment losses in the future and they may be material.

Cash flows and operating income are dependent on advertising revenues. Advertising revenues are influenced by competition from other radio stations and media, demographic changes, and changes in government rules and regulations. In addition, advertising is generally considered a discretionary expense meaning advertising expenditures tend to decline disproportionately during economic downturns as compared to other types of business expenditures. If actual results are lower, we may incur impairment losses in the future and they may be material.

Table of Contents

The carrying amount of our FCC broadcasting licenses for each reporting unit and the percentage by which fair value exceeded the carrying amount are as follows:

Market cluster	FCC broadcasting licenses	Excess
Atlanta, GA	\$ 4,802,000	5.7%
Augusta, GA	6,113,075	121.1
Boston, MA	137,856,160	12.6
Charlotte, NC	58,584,551	21.0
Detroit, MI	16,822,600	94.2
Fayetteville, NC	8,974,679	63.5
Fort Myers-Naples, FL	9,555,146	43.3
Las Vegas, NV	37,374,212	16.8
Middlesex, Monmouth, Morristown, NJ	23,533,900	7.4
Philadelphia, PA	119,674,192	11.4
Tampa-Saint Petersburg, PA	61,787,351	35.3
West Palm Beach-Boca Raton, FL	12,161,688	4.3
Wilmington, DE	19,496,000	6.0

As a result of the quantitative impairment test performed as of November 30, 2018, we recorded no impairment losses related to our FCC broadcasting licenses for these reporting units. However, there can be no assurance that impairments of our FCC broadcasting licenses will not occur in future periods.

Defined Benefit Plan and Other Postretirement Benefits. The costs and liabilities of the defined benefit plan and other postretirement benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that include the discount rate, rate of return on plan assets, and mortality rates. The discount rate is based on matching the cash flows of the plan to the Citigroup Pension Discount Curve. The long-term rate of return on plan assets was selected based on input from the investment advisor and publicly available survey information on expected returns by asset class. The mortality assumptions are based on the mortality tables and mortality improvement scales which are selected based on the most recent study of the Society of Actuaries. The pension plan and supplemental employee retirement plan (SERP) are both frozen so future employment does not change the benefit amounts. The postretirement medical and life insurance benefits were not impacted by the healthcare cost trend assumption because the reimbursements to retirees are fixed amounts. Actual results will differ from results which are estimated based on assumptions. Effective May 31, 2017, the Company terminated the pension plan and postretirement medical and life insurance benefits. See Note 10 to the accompanying financial statements.

Recent Accounting Pronouncements

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

Results of Operations**Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017**

The following summary table presents a comparison of our results of continuing operations for the years ended December 31, 2017 and 2018 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 8 of this report.

	Year ended December 31,		Change	
	2017	2018	\$	%
Net revenue	\$ 232,179,463	\$ 257,494,599	\$ 25,315,136	10.9%
Station operating expenses	174,822,164	195,752,948	20,930,784	12.0
Corporate general and administrative expenses	15,832,406	16,290,535	458,129	2.9
Change in fair value of contingent consideration	10,053,754	(4,415,925)	(14,469,679)	(143.9)
Gain on dispositions, net	3,707,993		(3,707,993)	(100.0)
Gain on exchange	11,803,585		(11,803,585)	(100.0)
Termination of postretirement benefits plan	1,812,448		(1,812,448)	(100.0)
Interest expense	18,430,072	16,006,461	(2,423,611)	(13.2)
Loss on modification of long-term debt	3,954,035	281,021	(3,673,014)	(92.9)
Income tax expense (benefit)	(48,228,290)	11,695,546	59,923,836	124.3
Net income	87,131,169	6,481,049	(80,650,120)	(92.6)

Table of Contents

Net Revenue. Net revenue increased \$25.3 million during the year ended December 31, 2018 as compared to the year ended December 31, 2017. Significant factors affecting net revenue included \$21.3 million in additional advertising revenue in the Boston market cluster primarily from the asset exchange completed on December 19, 2017 and \$6.2 million in additional advertising revenue in the Philadelphia market cluster primarily from the local marketing agreement and subsequent acquisition of WXTU-FM, partially offset by a \$2.0 million decrease due to the disposition of our Greenville-New Bern-Jacksonville market cluster on May 1, 2017. Net revenue for the year ended December 31, 2018 also included \$4.4 million of political advertising from the 2018 elections. Net revenue for the year ended December 31, 2018 was comparable to net revenue for the same period in 2017 at our remaining market clusters.

Station Operating Expenses. Station operating expenses increased \$20.9 million during the year ended December 31, 2018 as compared to the year ended December 31, 2017. Significant factors affecting station operating expenses included \$19.8 million in additional expenses primarily from the asset exchange in Boston and \$3.2 million in additional expenses primarily from the local marketing agreement and subsequent acquisition of WXTU-FM in Philadelphia, partially offset by a \$1.8 million decrease in station operating expenses due to the disposition of our Greenville-New Bern-Jacksonville market cluster. Station operating expenses for the year ended December 31, 2018 also included \$1.7 million of additional bad debt expense due to financial issues at United States Traffic Network. Station operating expenses for the year ended December 31, 2018 were comparable to station operating expenses for the same period in 2017 at our remaining market clusters.

Corporate General and Administrative Expenses. Corporate general and administrative expenses during the year ended December 31, 2018 were comparable to corporate general and administrative expenses for the same period in 2017.

Change in Fair Value of Contingent Consideration. In connection with the acquisition of Greater Media, a certain number of shares of our Class A common stock placed in escrow on the acquisition date were forfeited based on a working capital adjustment. The fair value of the forfeited shares decreased \$2.9 million due to a change in our stock price from January 1, 2018 to March 15, 2018, the date the forfeited shares were recorded in treasury stock. The fair value of the estimated number of shares to be forfeited increased \$2.6 million over the year ended December 31, 2017. In addition, a number of shares of our Class A common stock were returned to us by the former stockholders of Greater Media based on certain proceeds from the sale of Greater Media's tower assets. The fair value of the returned shares decreased \$1.6 million due to a change in our stock price from January 1, 2018 to March 15, 2018, the date the returned shares were recorded in treasury stock. The fair value of the estimated number of shares to be returned increased \$7.4 million over the year ended December 31, 2017.

Gain on Dispositions, Net. On May 1, 2017, we completed the disposition of our Greenville-New Bern-Jacksonville market cluster. As a result of the disposition we recorded a gain of \$4.0 million during the second quarter of 2017. On January 6, 2017, we completed the sale of substantially all of the assets used or useful in the operations of WBT-AM, WBT-FM, WFNZ-AM and WLNK-FM in Charlotte, NC. As a result of the disposition we recorded a \$0.3 million loss during the first quarter of 2017.

Gain on Exchange. On December 19, 2017, we completed an asset exchange with CBS Radio Stations, Inc., Entercom Boston, LLC, and The Entercom Divestiture Trust under which we agreed to exchange all of the assets used or useful in the operations of WMJX-FM in Boston, MA for all of the assets used or useful in the operations of WBZ-FM in Boston, MA. In addition, we also paid \$12.0 million in cash. As a result of the exchange, we recorded a gain on exchange of \$11.8 million during the year ended December 31, 2017.

Termination of Postretirement Benefits Plan. Effective May 31, 2017, we terminated the Greater Media postretirement medical and life insurance benefits plan. As a result of the plan termination, we reversed the accrued liability of \$1.8 million during the year ended December 31, 2017.

Interest Expense. Interest expense decreased \$2.4 million during the year ended December 31, 2018 as compared to the year ended December 31, 2017. The primary factor affecting interest expense was the decrease in the applicable interest rate.

Loss on Modification of Long-Term Debt. We recorded a loss on modification of long-term debt of \$0.3 million during the year ended December 31, 2018, resulting from additional borrowings from our credit facility to partially fund the acquisition of WXTU-FM on September 23, 2018. We recorded a loss on modification of long-term debt of \$4.0 million during the year ended December 31, 2017, resulting from entering into a new credit agreement on November 17, 2017.

Income Tax Expense. Our effective tax rate was approximately (124)% and 64% for the years ended December 31, 2017 and 2018, respectively. These rates differ from the federal statutory rate of 35% and 21% in 2017 and 2018, respectively, due to the effect of state income taxes and certain expenses that are not deductible for tax purposes. The effective tax rate for the year ended December 31, 2018 also reflects a \$3.4 million increase in the valuation allowance primarily related to net operating losses, and a \$1.2 million increase due to the change in fair value of contingent consideration. The effective tax rate for the year ended December 31, 2017 also reflects a \$59.7 million decrease primarily due to a change in the federal tax rate from 35% to 21% under the Tax Cuts and Jobs Act and a revaluation of deferred tax assets and liabilities using the new rate and a \$4.0 million decrease due to the change in fair value of contingent consideration.

Table of Contents

Net Income. Net income during the year ended December 31, 2018 was \$6.5 million, a decrease of \$80.7 million compared to net income of \$87.1 million during the year ended December 31, 2017 as a result of the factors described above.

Liquidity and Capital Resources

Overview. Our primary sources of liquidity are internally generated cash flow and our revolving credit facility (as defined below). 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, maintenance of our broadcasting towers and equipment, and purchases of digital technology. We have also purchased or constructed office and studio space in some of our markets to facilitate the consolidation of our operations.

Credit Facility. On November 17, 2017 we and our wholly owned subsidiary, Beasley Mezzanine Holdings, LLC (the Borrower), entered into a credit agreement with U.S. Bank, National Association, as administrative agent and collateral agent, providing for a term loan B facility in the amount of \$225.0 million (the term loan facility) and a revolving credit facility of \$20.0 million (the revolving credit facility, and together with the term loan facility, the credit facility). On September 27, 2018, we borrowed an additional \$35.0 million from the term loan facility. The proceeds were used for the acquisition of WXTU-FM in Philadelphia. As of December 31, 2018, the term loan facility had a remaining balance of \$252.0 million and we had \$20.0 million in available commitments under our revolving credit facility. At our option, the credit facility may bear interest at either (i) the London Interbank Offered Rate (LIBOR) plus a margin of 4.0% or (ii) the base rate plus a margin of 3.0%. The LIBOR interest rate for the term loan is subject to a 1% floor and the base rate is subject to a 2% floor. Interest payments are, for loans based on LIBOR, due at the end of each applicable interest period unless the interest period is longer than three months, in which case they are due at the end of each three month period. Interest payments for loans based on the base rate are due quarterly. The revolving credit facility carried interest, based on LIBOR, at 6.5% as of December 31, 2018 and matures on November 17, 2022. The term loan carried interest, based on LIBOR, at 6.5% as of December 31, 2018 and matures on November 1, 2023.

Commencing with the year ending December 31, 2018, the credit agreement requires mandatory prepayments equal to 50% of Excess Cash Flow (as defined in the credit agreement) when our Total Leverage Ratio (as defined in the credit agreement) is greater than 3.5x; mandatory prepayments equal to 25% of Excess Cash Flow when our Total Leverage Ratio is less than or equal to 3.5x but greater than 3.0x; and no mandatory prepayments when our Total Leverage Ratio is less than or equal to 3.0x. Mandatory prepayments of consolidated Excess Cash Flow are due 95 days after year end. The credit agreement also requires mandatory prepayments for defined amounts from net proceeds of asset sales, net insurance proceeds, and net proceeds of debt issuances.

The credit agreement requires us to comply with certain financial covenants which are defined in the credit agreement. These financial covenants include a First Lien Leverage Ratio that will be tested at the end of each quarter. The maximum First Lien Leverage Ratio is 6.0x for December 31, 2018. For the period from March 31, 2019 through December 31, 2019, the maximum First Lien Leverage Ratio is 5.75x. The maximum First Lien Leverage Ratio is 5.25x for March 31, 2020 and thereafter.

The credit facility is secured by substantially all assets of the Company and its subsidiaries and is guaranteed jointly and severally by the Company and its subsidiaries. If we default under the terms of the credit agreement, the Company

and its subsidiaries may be required to perform under their guarantees. As of December 31, 2018, the maximum amount of undiscounted payments the Company and its applicable subsidiaries would have been required to make in the event of default was \$252.0 million. The guarantees for the credit facility expire on November 17, 2022 for the revolving credit facility and on November 1, 2023 for the term loan facility.

Failure to comply with 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 December 31, 2018, we were in compliance with all applicable financial covenants under our credit agreement.

The aggregate scheduled principal repayments of the credit facility and capital lease obligations for the next five years and thereafter are as follows:

2019	\$ 67,101
2020	70,326
2021	2,247,730
2022	2,614,572
2023	247,216,701
Thereafter	350,424
Total	\$ 252,566,854

Table of Contents

Our credit agreement permits us to repurchase sufficient shares of our common stock to fund withholding taxes in connection with the vesting of restricted stock, subject to compliance with financial covenants, up to an aggregate amount of \$2.5 million per year. We paid \$0.3 million to repurchase 55,128 shares during the year ended December 31, 2018.

Our credit agreement restricts our ability to pay cash dividends and to repurchase additional shares of our common stock. The credit agreement does permit, however, (i) dividends of up to an aggregate amount of \$7.5 million each year if our Total Leverage Ratio is greater than 3.5x and up to an aggregate amount of \$10.0 million each year if our Total Leverage Ratio is less than or equal to 3.5x, (ii) an amount equal to our excess cash flow each year that is not required to prepay the credit agreement, subject to maintaining a Total Leverage Ratio of no greater than 3.75x and (iii) unlimited dividends each year if our Total Leverage Ratio is less than 3.5x and our First Lien Leverage Ratio is less than 2.5x. We paid cash dividends of \$5.4 million in 2018. Also, on December 3, 2018, our board of directors declared a cash dividend of \$0.05 per share on our Class A and Class B common stock. The dividend of \$1.4 million in the aggregate was paid on January 8, 2019, to stockholders of record on December 31, 2018.

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

internally generated cash flow;

our revolving credit facility;

additional borrowings, other than under our revolving credit facility, to the extent permitted under our credit facility; 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 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.

Our ability to reduce our Total Leverage Ratio by increasing operating cash flow and/or decreasing long-term debt will determine how much, if any, of the remaining commitments under our revolving 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 our revolving credit facility.

Cash Flows. The following summary table presents a comparison of our capital resources for the years ended December 31, 2017 and 2018 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 8 of this report.

	Year ended December 31,	
	2017	2018
Net cash provided by operating activities	\$ 28,021,057	\$ 24,394,480
Net cash provided by (used in) investing activities	17,523,283	(45,612,343)
Net cash provided by (used in) financing activities	(51,947,365)	20,729,301
Net decrease in cash and cash equivalents	\$ (6,403,025)	\$ (488,562)

Net Cash Provided By Operating Activities. Net cash provided by operating activities decreased \$3.6 million during the year ended December 31, 2018. Significant factors affecting this decrease in net cash provided by operating activities included a \$15.8 million increase in cash paid for station operating expenses, partially offset by a \$9.1 million increase in cash receipts from the sale of advertising, a \$1.9 million decrease in interest payments, and a \$1.1 million decrease in income tax payments.

Net Cash Provided By (Used In) Investing Activities. Net cash used in investing activities during the year ended December 31, 2018 included a payment of \$38.0 million for the acquisition of WXTU-FM, payments of \$4.2 million for capital expenditures, payments of \$1.7 million for investments, and payments of \$1.5 million for other acquisitions. Net cash provided by investing activities for the same period in 2017 included proceeds of \$35.0 million from the disposition of radio stations in Charlotte, NC and Greenville-New Bern-Jacksonville, NC, partially offset by a payment of \$12.0 million to complete the station exchange in Boston, MA, payments of \$4.2 million for capital expenditures, and payments of \$1.1 million for translator licenses.

Table of Contents

Net Cash Provided By (Used In) Financing Activities. Net cash provided by financing activities during the year ended December 31, 2018 included proceeds of \$35.0 million from the issuance of indebtedness used for the acquisition of WXTU-FM, partially offset by repayments of \$8.1 million under our credit facility, payments of \$5.4 million for cash dividends, and payments of \$0.6 million for debt issuance costs related to the additional borrowing. Net cash used in financing activities for the same period in 2017 included proceeds of \$9.0 million from the issuance of indebtedness under our credit facility offset by repayments of \$52.1 million under our credit facility, payments of \$5.1 million for cash dividends, payments of \$2.6 million for debt issuance costs related to a new credit agreement, and payments of \$1.1 million for repurchases of our Class A common stock.

Related Party Transactions

Beasley Family Towers, LLC

On May 3, 2018, we entered into an agreement to lease a radio tower for one radio station in Tampa, FL from Beasley Family Towers, LLC (BFT), which is partially held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members of George G. Beasley and partially owned directly by Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members. The lease agreement expires on December 31, 2027. Rental expense was \$0.1 million for the year ended December 31, 2018.

On December 31, 2015, we sold the tower for one radio station in Augusta, GA to BFT for \$1.3 million then leased the tower back under an agreement which expires on December 31, 2025. The lease met the criteria to be recorded as a capital lease, however based on the terms of the lease agreement the \$0.8 million gain on sale was deferred and will be recognized as the capital lease property is depreciated. Rental expense was approximately \$13,000 for the year ended December 31, 2018.

On August 4, 2006, we entered into an agreement to lease several radio towers for one radio station in Boca Raton, FL from BFT. The lease agreement expires on April 30, 2021. On November 17, 2015, two of the towers were sold to an unrelated party and BFT prepaid rent of \$0.7 million on our behalf to the unrelated party. Repayments of prepaid rent to BFT were \$0.1 million for the year ended December 31, 2018. Lease payments for the remaining towers are currently offset by the partial recognition of a deferred gain on sale from the sale of these towers to BFT in 2006, therefore no rental expense was reported for the towers for the year ended December 31, 2018.

GGB Augusta, LLC

We lease land for our radio stations in Augusta, GA from GGB Augusta, LLC which is held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley, and other family members of George G. Beasley. The lease agreement expires on November 1, 2023. Rental expense was approximately \$45,000 for the year ended December 31, 2018.

GGB Las Vegas, LLC

We lease property for our radio stations in Las Vegas, NV from GGB Las Vegas, LLC which is controlled by George G. Beasley. The lease agreement expires on December 31, 2023. Rental expense was \$0.2 million for the year ended December 31, 2018.

LN2 DB, LLC

On March 25, 2011, we contributed \$250,000 to Digital PowerRadio, LLC (now LN2 DB, LLC) in exchange for 25,000 units or approximately 20% of the outstanding units. We contributed an additional \$62,500 on February 14, 2012, \$104,167 on July 31, 2012, \$104,167 on April 10, 2013, \$104,167 on April 4, 2014, \$166,667 on April 3, 2015, and \$166,667 on May 3, 2016. On February 22, 2017, we contributed \$150,000 to LN2 DB, LLC in exchange for a note bearing interest at 18% per annum. On June 18, 2018, the note receivable and accrued interest due from LN2 DB, LLC totaling \$187,618 was converted to additional equity in LN2 DB, LLC and we contributed an additional \$150,000 which maintained our ownership interest at approximately 20% of the outstanding units. We may be called upon to make additional pro rata cash contributions to LN2 DB, LLC in the future. LN2 DB, LLC is managed by Fowler Radio Group, LLC which is partially-owned by Mark S. Fowler, an independent director of the Company. In June 2018, George G. Beasley, Caroline Beasley, Bruce Beasley, Brian Beasley and other family members also invested in LN2 DB, LLC under a recapitalization plan.

Wintersrun Communications, LLC

On December 31, 2015, we sold the tower for one radio station in Charlotte, NC to Wintersrun Communications, LLC, which is partially held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley and other family members of George G. Beasley and partially owned directly by Bruce G. Beasley and Brian E. Beasley, for \$0.4 million then leased the tower back under an agreement which expires on December 31, 2025. The lease met the criteria to be recorded as a capital lease, however based on the terms of the lease agreement the \$0.3 million gain on sale was deferred and will be recognized as the capital lease property is depreciated. Rental expense was \$0.1 million for the year ended December 31, 2018.

Table of Contents

The following related party transactions are based on agreements entered into prior to our initial public offering in 2000 at which time we did not have an Audit Committee. However, these agreements were evaluated by our board of directors at the time of entering the agreements and we believe that they are on terms at least as favorable to us as could have been obtained from a third party.

Beasley Broadcasting Management, LLC

We lease our principal executive offices in Naples, FL from Beasley Broadcasting Management, LLC, which is held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley, and other family members of George G. Beasley. Rental expense was \$0.2 million for the year ended December 31, 2018.

Beasley Family Towers, LLC

We lease radio towers for 19 radio stations in various markets from BFT. The lease agreements expire on various dates through December 28, 2020. Rental expense was \$0.4 million for the year ended December 31, 2018.

GGB Estero, LLC

We lease property for our radio stations in Ft. Myers, FL from GGB Estero, LLC which is held by a trust for the benefit of Caroline Beasley, Bruce G. Beasley, Brian E. Beasley, and other family members of George G. Beasley. The lease agreement expires on August 31, 2019. Rental expense was \$0.2 million for the year ended December 31, 2018.

Wintersrun Communications, LLC

We leased a radio tower for one radio station in Augusta, GA from Wintersrun. On October 16, 2015, the tower was sold to an unrelated party and Wintersrun prepaid rent of \$0.3 million on our behalf to the unrelated party. Repayments of prepaid rent to Wintersrun were approximately \$31,000 for the year ended December 31, 2018.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 31, 2018.

Inflation

For the years ended December 31, 2017 and 2018, inflation has affected our performance in terms of higher costs for radio station operating expenses, however the exact impact cannot be reasonably determined.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Not required for smaller reporting companies.

Table of Contents

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
BEASLEY BROADCAST GROUP, INC.**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
<u>Financial Statements</u>	
<u>Report of Independent Registered Public Accounting Firm</u>	29
<u>Consolidated Balance Sheets as of December 31, 2017 and 2018</u>	30
<u>Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2017 and 2018</u>	31
<u>Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2017 and 2018</u>	32
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2017 and 2018</u>	33
<u>Notes to Consolidated Financial Statements</u>	34
<u>Consolidated Financial Statement Schedule - Valuation and Qualifying Accounts</u>	53

Table of Contents

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of Beasley Broadcast Group, Inc.

Naples, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Beasley Broadcast Group, Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes and consolidated financial statement schedule (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Crowe LLP

We have served as the Company's auditor since 2006.

Fort Lauderdale, Florida

February 19, 2019

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

	December 31, 2017	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,922,390	\$ 13,433,828
Accounts receivable, less allowance for doubtful accounts of \$1,623,408 in 2017 and \$2,010,721 in 2018	42,669,351	52,417,152
Prepaid expenses	6,001,996	3,134,756
Merger consideration receivable	17,931,331	
Other current assets	4,135,905	1,960,032
Total current assets	84,660,973	70,945,768
Property and equipment, net	59,318,933	57,753,646
FCC broadcasting licenses	489,186,679	516,735,554
Goodwill	15,275,264	25,377,447
Other intangibles, net	550,058	2,823,178
Other assets	5,726,874	7,449,486
Total assets	\$ 654,718,781	\$ 681,085,079

LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities:		
Current installments of long-term debt	\$ 2,314,020	\$ 67,101
Accounts payable	7,847,829	9,611,151
Other current liabilities	18,799,195	19,181,108
Total current liabilities	28,961,044	28,859,360
Due to related parties	759,041	662,329
Long-term debt, net of current installments and unamortized debt issuance costs	212,465,882	243,276,273
Deferred tax liabilities	115,282,931	122,912,545
Other long-term liabilities	11,083,683	10,340,481
Total liabilities	368,552,581	406,050,988
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; 15,222,738 issued and 12,189,998 outstanding in 2017; 15,334,336 issued and 10,908,309 outstanding in 2018	15,223	15,334
Class B common stock, \$0.001 par value; 75,000,000 shares authorized; 16,662,743 issued and outstanding in 2017 and 2018	16,662	16,662

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Additional paid-in capital	147,987,332	149,963,252
Treasury stock, Class A common stock; 3,032,740 shares in 2017; 4,426,027 shares in 2018	(16,667,085)	(30,447,597)
Retained earnings	154,389,494	155,398,555
Accumulated other comprehensive income	424,574	87,885
Total stockholders' equity	286,166,200	275,034,091
Total liabilities and stockholders' equity	\$ 654,718,781	\$ 681,085,079

See accompanying notes to consolidated financial statements

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

	Year Ended December 31, 2017	Year Ended December 31, 2018
Net revenue	\$ 232,179,463	\$ 257,494,599
Operating expenses:		
Station operating expenses (including stock-based compensation of \$54,163 in 2017 and \$266,015 in 2018 and excluding depreciation and amortization shown separately below)	174,822,164	195,752,948
Corporate general and administrative expenses (including stock-based compensation of \$1,690,971 in 2017 and \$1,679,654 in 2018)	15,832,406	16,290,535
Transaction expenses	963,979	110,901
Other operating expenses	968,603	
Depreciation and amortization	6,133,812	6,601,123
Change in fair value of contingent consideration	(10,053,754)	4,415,925
Gain on dispositions, net	(3,707,993)	
Gain on exchange	(11,803,585)	
Termination of postretirement benefits plan	(1,812,448)	
Total operating expenses	171,343,184	223,171,432
Operating income	60,836,279	34,323,167
Non-operating income (expense):		
Interest expense	(18,430,072)	(16,006,461)
Loss on modification of long-term debt	(3,954,035)	(281,021)
Other income (expense), net	450,707	140,910
Income before income taxes	38,902,879	18,176,595
Income tax expense (benefit)	(48,228,290)	11,695,546
Net income	87,131,169	6,481,049
Other comprehensive income:		
Unrealized losses on securities (net of income tax benefit of \$21,527)	(31,521)	
Unrecognized actuarial gains on postretirement plans (net of income tax expense of \$641,789 in 2017 and \$142,435 in 2018)	1,177,917	398,231
Reclassification of other comprehensive income due to termination of pension plan (net of income tax benefit of \$261,358)		(731,266)
Comprehensive income	\$ 88,277,565	\$ 6,148,014
Net income per Class A and B common share:		
Basic	\$ 3.15	\$ 0.24

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Diluted	\$	3.14	\$	0.24
Dividends declared per common share	\$	0.18	\$	0.20
Weighted average shares outstanding:				
Basic		27,696,790		27,444,110
Diluted		27,792,702		27,533,983

See accompanying notes to consolidated financial statements

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

	Common Stock					Treasury Stock		Accumulated		
	Class A		Class B		Additional Paid-In Capital	Treasury Stock		Retained Earnings	Other Comprehensive Income (Loss)	Stock
	Shares	Amount	Shares	Amount		Shares	Amount			
of										
017	15,112,529	\$ 15,113	16,662,743	\$ 16,662	\$ 146,339,925	(2,937,987)	\$ (15,560,021)	\$ 72,401,766	\$ (721,822)	\$ 20
n	110,209	110			1,745,024					
					(97,617)					
ck						(94,753)	(1,107,064)	87,131,169		8
nds,								(5,143,441)		
re										
ive									1,146,396	
of										
1,	15,222,738	15,223	16,662,743	16,662	147,987,332	(3,032,740)	(16,667,085)	154,389,494	424,574	28
								3,654	(3,654)	
ck	4,461	4			29,884					
n	107,137	107			1,945,562					
					474					
ck						(1,393,287)	(13,780,512)			(1