

BEASLEY BROADCAST GROUP INC  
Form 10-K  
February 26, 2016  
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**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, 2015**

**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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or shorter period that the registrant was required to submit and post 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 the 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.

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

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

As of June 30, 2015, the aggregate market value of the Class A Common Stock held by non-affiliates of the registrant was \$21,466,518 based on the number of shares outstanding as of such date and the closing price of \$4.63 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 6,530,027 Shares Outstanding as of February 16, 2016

Class B Common Stock, \$.001 par value 16,662,743 Shares Outstanding as of February 16, 2016

### **Documents Incorporated by Reference**

Certain information in the registrant's Definitive Proxy Statement for its 2016 Annual Meeting of Stockholders pursuant to Regulation 14A, is incorporated by reference in Part III of this report.

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**BEASLEY BROADCAST GROUP, INC.**

**ANNUAL REPORT ON FORM 10-K**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**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.

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**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 52 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Las Vegas, NV, 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.

**Recent Developments**

On December 31, 2015, we sold the tower for one radio station in Augusta, GA to a related party for \$1.3 million then leased the tower back under an agreement which expires on December 31, 2025 with four automatic renewal terms of five years each. 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 not be recognized until our continuing involvement is no longer present.

On December 31, 2015, we sold the tower for one radio station in Charlotte, NC to a related party for \$0.4 million then leased the tower back under an agreement which expires on December 31, 2025 with four automatic renewal terms of five years each. 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 not be recognized until our continuing involvement is no longer present.

On December 8, 2015, our board of directors declared a cash dividend of \$0.045 per share on our Class A and Class B common stock. The dividend of \$1.0 million in the aggregate was paid on January 8, 2016, to stockholders of record on December 31, 2015. While we intend to pay quarterly cash dividends for the foreseeable future, all subsequent dividends will be reviewed quarterly and declared by the board of directors at its discretion.

On November 30, 2015, the Company, through its wholly-owned subsidiary, Beasley Mezzanine Holdings, LLC, entered into a new credit agreement with a syndicate of financial institutions. Proceeds from the new credit facility were primarily used to repay the old credit facility. The credit facility consists of a term loan of \$91.0 million and a revolving credit facility with a maximum commitment of \$20.0 million. The revolving credit facility includes a \$5.0 million sub-limit for letters of credit. At our option, the credit facility may bear interest at either (i) the LIBOR rate, as defined in the credit agreement, plus a margin ranging from 2.5% to 4.5% that is determined by our consolidated total debt ratio, as defined in the credit agreement or (ii) the base rate, as defined in the credit agreement, plus a margin ranging from 1.5% to 3.5% that is determined by our consolidated total debt ratio. Interest on adjusted LIBOR loans is payable at the end of each applicable interest period and, for those interest periods with a duration in excess of three months, the three month anniversary of the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. The credit facility matures on November 30, 2020. In connection with the new credit agreement, we recorded a loss on modification of long-term debt of \$0.6 million during the fourth quarter of 2015.

**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. Finally, we will consider opportunities to swap existing radio stations with other radio station owners in new or existing markets. Current FCC rules and regulations do not permit us to add any more radio stations to our existing cluster in the Augusta, GA radio market.

## **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.

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**Federal Regulation of Radio Broadcasting**

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

assigns frequency bands for broadcasting;

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.

The FCC has the power to impose penalties for violations of its rules that are implemented pursuant to the Communications Act of 1934 ( Communications Act ), as amended, including the imposition of monetary forfeitures, the issuance of short-term licenses, the imposition of a condition 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 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. 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 while the FCC evaluates third party proposals to allow for the sale rather than surrender of one of the two licenses, including a proposal to allow such a sale to a qualifying small business. The surrender of either license will have no material impact on our results of operations or financial condition. As part of an Order released in October 2015 with respect to revitalization of the AM band ( AM Improvement Order ) the FCC launched a Notice of Inquiry with respect to the AM expanded band. The NOI seeks comments regarding whether AM expanded band licenses should be made available to additional stations and whether technical parameters applicable to expanded band stations should be modified.



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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 will be permitted to relocate one FM translator 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. Only Class C and Class D AM stations, which are smaller, are eligible for the first window which opened January 29, 2016. All AM stations are eligible for the second window which is scheduled to open on July 29, 2016. Any AM station that receives an FM translator station license pursuant to one of the windows will be required to rebroadcast the paired AM station on the modified FM translator for four years. We intend to file applications during these windows for some of our AM stations.

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 \$325,000 per incident and \$3,000,000 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 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.

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***Multiple and Cross-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 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

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, pending a further FCC rulemaking. The FCC's rules also provide that parties which own groups of radio stations that comply with the previous multiple ownership rules, but do not comply with the new 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.

***Radio-Television Cross-Ownership Rule.*** The radio-television cross-ownership rule generally allows common ownership of one or two television stations and up to six radio stations, or, in certain circumstances, one television station and up to seven radio stations, in any market where at least 20 independent voices would remain after the combination; two television stations and up to four radio stations in a market where at least 10 independent voices would remain after the combination; and one television and one radio station notwithstanding the number of independent voices in the market. A voice generally includes independently owned, same-market commercial and noncommercial broadcast television and radio stations, newspapers of certain minimum circulation, and one cable system per market.

***Newspaper-Broadcast Cross-Ownership Rule.*** Under the currently effective newspaper-broadcast cross-ownership rule, unless grandfathered or subject to waiver, no party can have an attributable interest in both a daily English-language newspaper and either a television or radio station in the same market.

**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, radio, cable or newspaper; (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. Because of the numerous questions raised in applying the case by case review to broadcast licensees, in October 2015 the FCC issued a Notice of Proposed Rulemaking ( NPRM ) with respect to the applicability of foreign ownership rules to broadcast licensees. Generally, the FCC proposes to apply the same procedures it uses to review foreign ownership of non-broadcast licensees to broadcast

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licensees. Significantly, the FCC proposes to require broadcast licensees to disclose and seek approval only for foreign owners that would have an attributable interest in a licensee under the broadcast attribution rules. This change, if adopted, would make it easier for broadcast licensees to seek foreign investors that would hold non-attributable interests. The FCC has also sought comments on whether it should revise the methods that broadcast licensees may use to track and compute the amount of equity owned by foreign entities or individuals. The NPRM is pending. Adoption of the proposed rule changes could increase the amount of capital broadcast licensees obtain from 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 December 2011, the FCC issued a Notice of Proposed Rulemaking with respect to its 2010 quadrennial review. In April 2014, the FCC issued an order concluding that Joint Sales Agreements between separately owned television stations in the same market would be attributable to a station selling more than 15% of the other station's advertising time, but did not address any other changes in the multiple ownership rules that had been proposed. The FCC issued a Further Notice of Proposed Rulemaking to initiate its 2014 quadrennial review of the multiple ownership rules, and directed that the record from the 2010 quadrennial review which proposed changes to the newspaper-broadcast cross-ownership rule and the elimination of the radio-television cross-ownership rule be incorporated as part of the 2014 review. The 2014 review remains pending.

***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, although there are pending rulemaking proceedings that propose to implement various requirements aimed at increasing local programming content and diversity. If adopted, these new requirements would impose new record-keeping and other burdens on our radio stations. 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. Complaints from listeners concerning a radio station's programming often will be considered by the FCC when it evaluates renewal applications of a licensee, although listener complaints may be filed and considered by the FCC at any time. Such complaints are required to be maintained in the radio station's public file which is generally located at a station's main studio. In December 2014, the FCC issued a rulemaking proposing to require radio stations' public inspection files to be hosted on an FCC-maintained website, as is required for television station public files. The FCC will vote on an Order adopting this change in late January 2016. If this change is adopted, the materials in our stations' public files would become 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.

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***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, cross-ownership 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 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;

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;

proposals to require broadcast stations to operate studios in the communities to which they are licensed, which would require construction of new studios, and to provide staffing on a 24 hour per day basis; 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.

In 2011, the FCC launched an inquiry which proposes that television stations use a standardized issues/programming form, and has indicated that if the proposal is adopted it would consider requiring the use of the same or a similar form by radio stations. This form requests detailed information concerning what steps a station undertook to determine the issues of concern within its local market, and the amount and nature of news and public service programming which

was presented to address those issues.

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.

In February 2012, Congress passed and the President signed legislation that, among other things, grants the FCC authority to conduct incentive auctions to recapture certain spectrum currently used by television broadcasters and repurpose it for other uses. In 2014 and 2015, the FCC released several orders establishing rules and procedures for the auctions. Television stations that desire to participate in the reverse auction for broadcast spectrum were required to file applications by January 12, 2016 and wireless companies that desire to participate in the forward auction to purchase spectrum must file applications by early February 2016. The FCC must complete the incentive auctions by September 30, 2022, and has announced that as of now it intends to commence the auctions by March 29, 2016. The auction is expected to continue for several months.

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.



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### **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.

### **Employees**

As of February 16, 2016, we had a staff of 483 full-time employees and 326 part-time employees. We consider our relations with our employees to be good and none of our employees are covered by collective bargaining agreements.

### **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](http://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 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.

You may also read and copy any materials we file with the Commission at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, on official business days during the hours of 10am to 3pm. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. 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](http://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, include forward-looking statements within the meaning of Section 27A of 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, and other forms of advertising; 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;

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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 flow.**

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 flow 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 such as Facebook and Twitter, and other forms of advertising.

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 and 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. 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.

**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:

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

satellite delivered digital audio radio services that offer numerous programming channels and the sound quality of compact discs;

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 platforms available in vehicles.

These 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 any of our business segments 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.

**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 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, 2015, we had long-term debt of \$89.8 million and stockholders' equity of \$133.5 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 flow from operations to debt service, thereby reducing the availability of cash flow 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;

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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 by increasing operating cash flow 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.

### **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. In response we will continue to control costs and expenses in non-essential areas. 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.

**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.

We must comply with extensive FCC regulations and policies in 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. 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, 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.



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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.

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

As of December 31, 2015, our FCC broadcasting licenses and goodwill represented 77.0% 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. For further discussion, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates of this report.

### **Our corporate offices and several of our radio stations are located in Florida and other 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 35.0% of our net revenue in 2015. Although the 2015 hurricane season did not have a material impact on our operations, our corporate offices and our radio stations located in Florida and 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.

### **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, 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 operation.

### **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. While we have in place, and continue to invest in, technology security initiatives and disaster recovery plans, these measures may not be adequate or implemented properly to prevent a business disruption and its adverse financial consequences to our business 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, disrupt operations and damage 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.**

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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 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 a number of operational risks. 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, natural disasters, computer system or network failures, viruses or malware, physical or electronic intrusions, unauthorized access and cyber-attacks. 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 position, results of operations and cash flows.

### **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 6am and 10pm. 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. 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 \$325,000 per incident and \$3,000,000 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 issued a Notice of Apparent Liability for the 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 results of operation and business could be materially adversely affected.

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

Legislation has previously been introduced in Congress that would require radio broadcasters to pay a royalty to record labels and performing artists for use of their recorded songs. The legislation failed to pass but is expected to be reintroduced. Currently, we pay royalties to song composers and publishers through Broadcast Music, Inc. (BMI), the American Society of Composers, Authors and Publishers (ASCAP) and SESAC, Inc. (SESAC). 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 Proposed 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.**

In February 2012, Congress passed legislation authorizing the FCC to conduct a reverse incentive auction in which licensees of television stations may voluntarily relinquish their spectrum usage rights in exchange for a portion of the proceeds received from new licensees who successfully bid in a forward auction for the right to use the repurposed spectrum. The statute also authorizes the FCC to repack the spectrum now used by television broadcasters, subject to certain limitations, including the obligation to make all reasonable efforts to preserve the coverage area and population served by a television station. In 2014 and 2015, the FCC released several Orders establishing rules and procedures for the auctions. If successful, the incentive auction will make available more spectrum for use by wireless carriers, which may increase the competitive impact that audio platforms delivered via broadband and wireless technologies pose to the radio broadcast industry. The FCC must complete the auction by September 30, 2022, and has announced that as of now it intends to commence the auction on March 29, 2016.

At this time we cannot predict the outcome of the incentive auctions and repacking of broadcast television spectrum into smaller amounts of available spectrum, or the impact such items will have on our business.

**Our business depends on the efforts of key personnel and the loss of any one of them could have a material adverse effect on our business.**

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Our business depends upon the continued efforts, abilities and expertise of our executive officers and other key employees, including certain on-air personalities, and George G. Beasley, our Chairman of the Board and Chief Executive Officer. Mr. Beasley is 83 years old. We believe the unique combination of skills and experience possessed by Mr. Beasley would be difficult to replace and that the loss of Mr. Beasley's or other key executives' expertise could impair our ability to execute our operating and acquisition strategies.

### **We may lose key on-air talent to competing radio stations or other types of media competitors.**

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 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 and Chief Executive Officer 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 61.4% 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 15 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 controls the decision whether any change of control of the Company will occur. Moreover, some provisions of our certificate of incorporation, by-laws 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 licenses 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.

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As of February 16, 2016, we own or lease property for our radio stations in the following locations:

| <b>Location</b>  | <b>Description</b>   | <b>Owned/Leased</b> |
|--|--|---------------------|
| 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   | One radio station  | Third party lease   |
| 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               |
| Greenville, NC   | Two radio stations in our Greenville-New Bern-Jacksonville, NC market cluster  | Related party lease |
| Las Vegas, NV  | All radio stations in our Las Vegas, NV market cluster                         | Related party lease |
| New Bern, NC   | Four radio stations in our Greenville-New Bern-Jacksonville, NC market cluster | Owned               |
| Philadelphia, PA   | Two 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 Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members of George G. Beasley (our CEO). |  |                     |

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

The property in Greenville, NC is leased from Beasley Broadcasting of Greenville, Inc., which is owned by George G. Beasley, Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members.

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 Bruce G. Beasley, Caroline 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 NASDAQ's National Market System under the symbol BBGI. There is no established public trading market for our Class B common stock. Quarterly high and low prices of our Class A common stock are shown below:

| <b>Fiscal 2015</b> | <b>High</b> | <b>Low</b> |
|--------------------|-------------|------------|
| First Quarter      | \$ 5.54     | \$ 4.79    |
| Second Quarter     | 5.18        | 4.23       |
| Third Quarter      | 5.00        | 3.80       |
| Fourth Quarter     | 4.47        | 2.75       |
| <b>Fiscal 2014</b> | <b>High</b> | <b>Low</b> |
| First Quarter      | \$ 9.61     | \$ 8.65    |
| Second Quarter     | 9.20        | 5.31       |
| Third Quarter      | 7.48        | 5.18       |
| Fourth Quarter     | 6.00        | 4.50       |

**Holders**

As of February 16, 2016, there were approximately 113 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 permits us to pay cash dividends and to repurchase additional shares of our common stock, subject to compliance with financial covenants, up to an aggregate amount of \$5.0 million in 2015 and \$6.0 million for each year thereafter. We paid cash dividends of \$4.1 million in 2014 and 2015. On December 8, 2015, our board of directors declared a cash dividend of \$0.045 per share on our Class A and Class B common stock. The dividend of \$1.0 million in the aggregate was paid on January 8, 2016, to stockholders of record on December 31, 2015. We intend to pay quarterly cash dividends in 2016, 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, 2015.

| <b>Period</b>       | <b>Total Number<br/>of Shares<br/>Purchased</b> | <b>Average Price<br/>Paid per<br/>Share</b> | <b>Total Number<br/>of<br/>Shares<br/>Purchased<br/>as<br/>Part of<br/>Publicly<br/>Announced<br/>Program</b> | <b>Approximate<br/>Dollar<br/>Value<br/>That May Yet<br/>Be<br/>Purchased<br/>Under the<br/>Program</b> |
|---------------------|---|---|---|---|
| October 1 31, 2015  |   |   |   | \$ 1,000,000  |
| November 1 30, 2015 |   |   |   | 1,000,000   |
| December 1 31, 2015 | 250   | \$ 3.23                                     |   | 1,000,000   |
| Total               | 250   |   |   |   |

On March 27, 2007, our board of directors approved the Beasley Broadcast Group, Inc. 2007 Equity Incentive Award Plan (the 2007 Plan ) which was also approved by our stockholders at the Annual Meeting of Stockholders on June 7, 2007. The 2007 Plan permits us to purchase sufficient shares to fund withholding taxes in connection with the vesting of restricted stock and expires on March 27, 2017. Our credit agreement permits us to repurchase sufficient shares of our common stock to fund withholding taxes in

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connection with the vesting 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, 2015, were purchased to fund withholding taxes in connection with the vesting of restricted stock. On May 28, 2015, our board of directors authorized us to repurchase up to \$1.0 million of our Class A common stock over a period of one year from the date of authorization.

**Equity Compensation Plan Information**

The following table sets forth certain information with respect to our equity compensation plans as of December 31, 2015.

| <b>Plan Category</b>                                       | <b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b><br>(a) | <b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b><br>(b) | <b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan (Excluding Securities Reflected in Column (a))</b><br>(c) |
|--|---|---|--|
| Equity Compensation Plans Approved By Security Holders     |   |   | 2,160,742  |
| Equity Compensation Plans Not Approved By Security Holders |   |   |  |
| <b>Total</b>   |   |   | <b>2,160,742</b>   |

**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 52 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Las Vegas, NV, 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.

**Recent Developments**

On December 31, 2015, we sold the tower for one radio station in Augusta, GA to a related party for \$1.3 million then leased the tower back under an agreement which expires on December 31, 2025 with four automatic renewal terms of five years each. 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 not be recognized until our continuing involvement is no longer present.

On December 31, 2015, we sold the tower for one radio station in Charlotte, NC to a related party for \$0.4 million then leased the tower back under an agreement which expires on December 31, 2025 with four automatic renewal terms of five years each. 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 not be recognized until our continuing involvement is no longer present.

On December 8, 2015, our board of directors declared a cash dividend of \$0.045 per share on our Class A and Class B common stock. The dividend of \$1.0 million in the aggregate was paid on January 8, 2016, to stockholders of record on December 31, 2015. While we intend to pay quarterly cash dividends for the foreseeable future, all subsequent dividends will be reviewed quarterly and declared by the board of directors at its discretion.

On November 30, 2015, the Company, through its wholly-owned subsidiary, Beasley Mezzanine Holdings, LLC, entered into a new credit agreement with a syndicate of financial institutions. Proceeds from the new credit facility were primarily used to repay the old credit facility. The credit facility consists of a term loan of \$91.0 million and a revolving credit facility with a maximum commitment of \$20.0 million. The revolving credit facility includes a \$5.0 million sub-limit for letters of credit. At our option, the credit facility may bear interest at either (i) the LIBOR rate, as defined in the credit agreement, plus a margin ranging from 2.5% to 4.5% that is determined by our consolidated total debt ratio, as defined in the credit agreement or (ii) the base rate, as defined in the credit agreement, plus a margin ranging from 1.5% to 3.5% that is determined by our consolidated total debt ratio. Interest on adjusted LIBOR loans is payable at the end of each applicable interest period and, for those interest periods with a duration in excess of three months, the three month anniversary of the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. The credit facility matures on November 30, 2020. In connection with the new credit agreement, we recorded a loss on modification of long-term debt of \$0.6 million during the fourth quarter of 2015.

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### **Financial Statement Presentation**

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

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

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. 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 (1) programming, engineering, sales, advertising and promotion, and general and administrative expenses incurred at our radio stations, (2) general and administrative expenses, including compensation and other expenses, incurred at our corporate offices, and (3) depreciation and amortization. We strive to control our operating expenses by centralizing certain functions at our corporate offices and

consolidating certain functions in each of our market clusters.

### **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.

*FCC Broadcasting Licenses.* As of December 31, 2015, FCC broadcasting licenses with an aggregate carrying amount of \$234.7 million represented 75.4% 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. We assess qualitative factors to determine whether it is more likely than not that our licenses are impaired. If we determine it is more likely than not that our licenses are impaired then we are required to perform the quantitative impairment test. The quantitative impairment test compares the fair

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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 assessed qualitative factors including cost factors, financial performance, industry and market conditions, and macroeconomic conditions during 2015 and determined that it was not more likely than not that the fair value of our licenses in Atlanta, GA, Augusta, GA, Boston, MA, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Philadelphia, PA, and West Palm Beach-Boca Raton, FL was less than their respective carrying amounts therefore we did not perform the quantitative impairment test for the licenses in these market clusters in 2015.

However, due to the amount by which fair value, as determined during the quantitative impairment test performed as of November 30, 2014, exceeded the respective carrying amounts in Charlotte, NC, Las Vegas, NV, Tampa-Saint Petersburg, FL, and Wilmington, DE and the recognition of impairment losses in prior years in Las Vegas, NV and Wilmington, DE, we elected to perform the quantitative impairment test for the licenses in these market clusters in 2015.

We estimate the fair value of our licenses in Charlotte, NC, Las Vegas, NV, Tampa-Saint Petersburg, FL, and Wilmington, DE 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, 2015, the key assumptions used in the discounted cash flow analyses are as follows:

|                                      |               |
|--------------------------------------|---------------|
| Revenue growth rates                 | 0.5% - 2.0%   |
| Market revenue shares at maturity    | 20.4% - 30.7% |
| Operating income margins at maturity | 32.8% - 38.0% |
| 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.

The carrying amount of FCC broadcasting licenses for Charlotte, NC, Las Vegas, NV, Tampa-Saint Petersburg, FL, and Wilmington, DE and the percentage by which fair value exceeded the carrying amount are as follows:

| <b>Market cluster</b>      | <b>FCC<br/>broadcasting<br/>licenses</b> | <b>Excess</b> |
|----------------------------|--|---------------|
| Charlotte, NC              | \$ 60,303,300                            | 9.2%          |
| Las Vegas, NV              | 36,621,712                               | 9.4           |
| Tampa-Saint Petersburg, FL | 61,491,700                               | 14.6          |
| Wilmington, DE             | 19,496,000                               | 9.6           |

As a result of the quantitative impairment test performed for Charlotte, NC, Las Vegas, NV, Tampa-Saint Petersburg, FL, and Wilmington, DE as of November 30, 2015, 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.

*Goodwill.* As of December 31, 2015, goodwill with an aggregate carrying amount of \$5.3 million represented 1.7% of our total assets. We are required to test our goodwill for impairment on an annual basis, or more frequently if events or changes in



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circumstances indicate that our goodwill might be impaired. We assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we are required to perform the first step of a two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then we are required to perform the second step of the two-step goodwill impairment test to measure the amount of the impairment loss. For the purpose of testing our goodwill for impairment, we have identified our market clusters as our reporting units.

We assessed qualitative factors including macroeconomic conditions, industry and market conditions, cost factors, and overall financial performance in 2015 and determined that it was not more likely than not that the fair value of any of our reporting units, except Wilmington, was less than their respective carrying amounts. Therefore we did not perform the two-step impairment test for any of our reporting units, except Wilmington, in 2015. No impairment losses related to our goodwill were recorded, except for Wilmington, in 2015 however there can be no assurance that impairments of our goodwill will not occur in future periods.

We determined that the Wilmington market cluster would not meet its cash flow projections for 2015 primarily due to a continuing decrease in cash flows and a decline in ratings during the third quarter of 2015. Therefore we performed the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. The first step test indicated that the carrying amount of the goodwill in the Wilmington market cluster exceeded its fair value, therefore we were required to perform the second step of the two-step goodwill impairment test to measure the amount of the impairment loss. As a result of the second step test, we recorded an impairment loss of \$3.5 million, which reflects 100% of the goodwill in our Wilmington market cluster, during the third quarter of 2015.

The fair value of the Wilmington market cluster was estimated using an income approach. The income approach is based upon discounted cash flow analyses incorporating variables such as projected revenues, projected growth rate for revenues, projected station operating income margins, and a discount rate. The key assumptions in the discounted cash flow analyses are as follows:

|                                  |             |
|----------------------------------|-------------|
| Long-term revenue growth rate    | 2.5%        |
| Station operating income margins | 23.5% - 50% |
| Discount rate                    | 9.5%        |

*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 2015. However, there can be no assurance that impairments of our property and equipment will not occur in future periods.

*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.

### Recent Accounting Pronouncements

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

### Results of Operations

#### Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

The following summary table presents a comparison of our results of continuing operations for the years ended December 31, 2014 and 2015 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        |         |
|---|-------------------------|----------------|---------------|---------|
|   | 2014                    | 2015           | \$            | %       |
| Net revenue   | \$ 58,705,903           | \$ 105,946,670 | \$ 47,240,767 | 80.5%   |
| Station operating expenses                                | 40,351,258              | 75,609,147     | 35,257,889    | 87.4    |
| Corporate general and administrative expenses             | 8,923,117               | 8,983,860      | 60,743        | 0.7     |
| Radio station exchange transaction costs                  | 1,261,318               | 349,917        | (911,401)     | (72.3)  |
| Employee termination expenses                             | 458,585                 |                | (458,585)     | (100.0) |
| Depreciation and amortization                             | 2,151,949               | 3,834,992      | 1,683,043     | 78.2    |
| Impairment loss   |                         | 3,520,933      | 3,520,933     |         |
| Interest expense  | 4,375,129               | 3,967,794      | (407,335)     | (9.3)   |
| Loss on modification of long-term debt                    | 30,569                  | 558,856        | 528,287       | 1728.2  |
| Other income (expense), net                               | 326,282                 | 881,938        | 555,656       | 170.3   |
| Income tax expense  | 514,275                 | 3,640,787      | 3,126,512     | 607.9   |
| Income from discontinued operations (net of income taxes) | 39,033,382              |                | (39,033,382)  | (100.0) |
| Net income  | 39,999,367              | 6,362,322      | (33,637,045)  | (84.1)  |

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*Net Revenue.* Net revenue from continuing operations increased \$47.2 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Significant factors affecting net revenue included \$24.9 million in additional advertising revenue from our Charlotte market cluster and \$23.6 million in additional advertising revenue from our Tampa-Saint Petersburg market cluster, both of which were acquired on December 1, 2014, and a \$0.7 million increase in advertising revenue from our Fort Myers-Naples market cluster, partially offset by a \$1.4 million decrease in advertising revenue from our Las Vegas market cluster and a \$0.7 million decrease in advertising revenue from our Wilmington market cluster. Net revenue for the year ended December 31, 2015 was comparable to net revenue for the same period in 2014 at our remaining market clusters.

*Station Operating Expenses.* Station operating expenses from continuing operations increased \$35.3 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Significant factors affecting station operating expenses included \$17.4 million in additional expenses from our Tampa-Saint Petersburg market cluster and \$17.1 million in additional expenses from our Charlotte market cluster. Station operating expenses for the year ended December 31, 2015 were comparable to station operating expenses for the same period in 2014 at our remaining market clusters.

*Corporate General and Administrative Expenses.* Corporate general and administrative expenses during the year ended December 31, 2015 were comparable to the same period in 2014.

*Radio Station Exchange Transaction Costs.* In connection with the asset exchange with CBS Radio, we incurred transaction costs of \$1.3 million in 2014 and \$0.3 million in 2015.

*Employee Termination Expenses.* In connection with the asset exchange with CBS Radio, we incurred employee termination expenses of \$0.5 million in 2014.

*Depreciation and Amortization.* The \$1.7 million increase in depreciation and amortization during the year ended December 31, 2015 was primarily due to \$0.9 million in additional expense from our Charlotte market cluster and \$0.5 million in additional expense from our Tampa-Saint Petersburg market cluster as compared to the same period in 2014.

*Impairment Loss.* As a result of our qualitative assessment of goodwill during the third quarter of 2015, we determined it was more likely than not that the fair value of the Wilmington market cluster was less than its carrying amount. We determined that the Wilmington market cluster would not meet its cash flow projections for 2015 primarily due to a continuing decrease in cash flows and a decline in ratings during the third quarter of 2015. Therefore we performed the two-step impairment test. As a result of the second step test, we recorded an impairment loss of \$3.5 million, which reflects 100% of the goodwill in our Wilmington market cluster, during the third quarter of 2015.

*Interest Expense.* Interest expense decreased \$0.4 million during the year ended December 31, 2015. The primary factor affecting interest expense was a decrease in long-term debt outstanding.

*Loss on Modification of Long-Term Debt.* In connection with the new credit agreement, we recorded a loss on modification of long-term debt of \$0.6 million during the year ended December 31, 2015. In connection with the amendment of the old credit agreement, we recorded a loss on modification of long-term debt of approximately \$31,000 during the year ended December 31, 2014.

*Other Income (Expense), Net.* Other income (expense), net increased \$0.6 million during the year ended December 31, 2015. Significant factors affecting other income (expense), net included the receipt of insurance proceeds of \$0.4

million related to a radio tower damaged by severe weather in our Augusta market and the recognition of a deferred gain of \$0.3 million related to a radio tower sale. These increases were partially offset by a \$0.1 million loss from fire damage in our New Bern market.

*Income Tax Expense.* Our effective tax rate was approximately 36% for the year ended December 31, 2015. This rate differs from the federal statutory rate of 35% 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, 2015 also reflects a \$0.4 million decrease from a change to our effective state

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tax rate. Our effective tax rate for continuing and discontinued operations combined was approximately 43% for the year ended December 31, 2014. This rate differs from the federal statutory rate of 35% 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, 2014 also reflects a \$1.1 million increase from a change to our federal tax rate and a \$2.0 million decrease from changes to our effective state tax rate.

*Income from Discontinued Operations.* The results of operations for WRDW-FM and WXTU-FM in the Philadelphia radio market and WKIS-FM, WPOW-FM and WQAM-AM in the Miami-Fort Lauderdale radio market have been reported as discontinued operations for the year ended December 31, 2014. We recorded a \$54.3 million gain on exchange of radio stations in discontinued operations during the fourth quarter of 2014.

*Net Income.* Net income during the year ended December 31, 2015 decreased \$33.6 million 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. Our primary liquidity needs have been, and for the next twelve months and thereafter are expected to continue to be, for working capital, debt service, and other general corporate purposes, including capital expenditures and radio station acquisitions. Historically, our capital expenditures have not been significant. In addition to property and equipment associated with radio station acquisitions, our capital expenditures have generally been, and are expected to continue to be, related to the maintenance of our studio and office space and the technological improvement, including upgrades necessary to broadcast HD Radio, and maintenance of our broadcasting towers and equipment. We have also purchased or constructed office and studio space in some of our markets to facilitate the consolidation of our operations.

Our credit agreement 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 51,275 shares in 2015.

Our credit agreement permits us to pay cash dividends and to repurchase additional shares of our common stock, subject to compliance with financial covenants, up to an aggregate amount of \$5.0 million in 2015 and \$6.0 million for each year thereafter. We paid cash dividends of \$4.1 million in 2014 and 2015. On December 8, 2015, our board of directors declared a cash dividend of \$0.045 per share on our Class A and Class B common stock. The dividend of \$1.0 million in the aggregate was paid on January 8, 2016, to stockholders of record on December 31, 2015.

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

internally generated cash flow;

our credit facilities;

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

additional equity offerings.

We believe that we will have sufficient liquidity and capital resources to permit us to provide for our liquidity requirements and meet our financial obligations for the next twelve months. However, poor financial results or unanticipated expenses could give rise to defaults under our credit facilities, 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 consolidated total debt ratio, as defined by our credit agreement, by increasing operating cash flow and/or decreasing long-term debt will determine how much, if any, of the remaining commitments under 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 consolidated total debt ratio and we may not be permitted to make any additional borrowings under our revolving credit facility.

The following summary table presents a comparison of our capital resources for the years ended December 31, 2014 and 2015 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.

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|  | <b>Year ended December 31,</b> |               |
|--|--------------------------------|---------------|
|  | <b>2014</b>                    | <b>2015</b>   |
| Net cash provided by operating activities            | \$ 16,913,700                  | \$ 14,371,755 |
| Net cash provided by (used in) investing activities  | (2,931,179)                    | 55,471        |
| Net cash used in financing activities                | (14,022,093)                   | (14,368,173)  |
| <br>   |                                |               |
| Net increase (decrease) in cash and cash equivalents | \$ (39,572)                    | \$ 59,053     |

*Net Cash Provided By Operating Activities.* Net cash provided by operating activities decreased \$2.5 million during the year ended December 31, 2015. Significant factors affecting this decrease in net cash provided by operating activities included a \$5.0 million increase in cash paid for station operating expenses and a \$2.5 million increase in income tax payments, partially offset by a \$2.8 million increase in cash receipts from the sale of advertising airtime and a \$1.4 million decrease in transaction costs and employee termination expenses related to the asset exchange with CBS Radio in 2014.

*Net Cash Provided By (Used In) Investing Activities.* Net cash provided by investing activities during the year ended December 31, 2015 included payments of \$2.1 million for capital expenditures, a \$0.8 million increase in restricted cash from radio tower sales proceeds placed with a qualified intermediary, and payments of \$0.4 million for translator licenses partially offset by proceeds of \$1.7 million from sales of radio towers and repayments of \$1.7 million for notes receivable from related parties which were repaid in full in 2015. Net cash used in investing activities for the same period in 2014 included payments of \$3.0 million for capital expenditures, and repayments of \$0.4 million for notes receivable from related parties.

*Net Cash Used In Financing Activities.* Net cash used in financing activities during the year ended December 31, 2015 included repayments of \$9.5 million under our credit facility, payments of \$4.1 million for cash dividends, payments of \$1.1 million for debt issuance costs related to the new credit agreement partially offset by borrowings of \$0.8 million from our credit facility. Net cash used in financing activities for the same period in 2014 included repayments of \$9.2 million under our credit facility, payments of \$4.1 million for cash dividends, payments of \$0.4 million for debt issuance costs related to the amended credit agreement, and payments of \$0.4 million for repurchases of our Class A common stock.

*Credit Facility.* On November 30, 2015, the Company, through its wholly-owned subsidiary, Beasley Mezzanine Holdings, LLC, entered into a new credit agreement with a syndicate of financial institutions. Proceeds from the new credit facility were primarily used to repay the old credit facility. In connection with the new credit agreement, we recorded a loss on modification of long-term debt of \$0.6 million during the fourth quarter of 2015.

As of December 31, 2015, the credit facility consisted of a term loan with a remaining balance of \$89.0 million and a revolving credit facility with a maximum commitment of \$20.0 million. As of December 31, 2015, 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 LIBOR rate, as defined in the credit agreement, plus a margin ranging from 2.5% to 4.5% that is determined by our consolidated total debt ratio, as defined in the credit agreement or (ii) the base rate, as defined in the credit agreement, plus a margin ranging from 1.5% to 3.5% that is determined by our consolidated total debt ratio. Interest on adjusted LIBOR loans is payable at the end of each applicable interest period and, for those interest periods with a duration in excess of three months, the three month anniversary of the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. The credit facility carried interest, based on LIBOR, at 3.9% as of December 31, 2015 and matures on November 30, 2020.

The credit agreement requires mandatory prepayments equal to 50% of consolidated excess cash flow, as defined in the credit agreement, when our consolidated total debt is equal to or greater than three times our consolidated operating cash flow, as defined in the credit agreement. Prepayments of excess cash flow are not required when our consolidated total debt is less than three times our consolidated operating cash flow. Mandatory prepayments of consolidated excess cash flow are due 120 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:

*Consolidated Total Debt Ratio.* Our consolidated total debt on the last day of each fiscal quarter through September 30, 2016 must not exceed 4.5 times our consolidated operating cash flow for the four quarters then ended. For the period from October 1, 2016 through March 31, 2017, the maximum ratio is 4.25 times. For the period from April 1, 2017 through December 31, 2017, the maximum ratio is 4.0 times. The maximum ratio is 3.75 for 2018, 3.5 times for 2019, and 3.0 times for 2020.

*Interest Coverage Ratio.* Our consolidated operating cash flow for the four quarters ending on the last day of each fiscal quarter through maturity must not be less than 2.0 times our consolidated cash interest expense for the four quarters then ended.

The new credit facility is secured by a first-priority lien on substantially all of the Company's assets and the assets of substantially all of its subsidiaries and is guaranteed jointly and severally by the Company and substantially all of its subsidiaries. If we default



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under the terms of the credit agreement, the Company and its applicable subsidiaries may be required to perform under their guarantees. As of December 31, 2015, the maximum amount of undiscounted payments the Company and its applicable subsidiaries would have been required to make in the event of default was \$89.0 million. The guarantees for the credit facility expire on November 30, 2020.

On February 23, 2016, a waiver was granted by the lenders party to our credit agreement which allowed us to enter certain lease agreements with related parties. See *Related Party Transactions* elsewhere in this Item and Note 15 to the accompanying financial statements for additional information on the lease transactions.

The aggregate scheduled principal repayments of the credit facility for the next five years are as follows:

|       |               |
|-------|---------------|
| 2016  | 1,412,500     |
| 2017  | 5,118,750     |
| 2018  | 6,825,000     |
| 2019  | 7,393,750     |
| 2020  | 68,250,000    |
| Total | \$ 89,000,000 |

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, 2015, we were in compliance with all applicable financial covenants under our credit agreement; our consolidated total debt ratio was 3.23 times, and our interest coverage ratio was 6.58 times.

**Related Party Transactions***Beasley Family Towers, LLC*

On December 31, 2015, we sold the tower for one radio station in Augusta, GA to Beasley Family Towers, LLC ( BFT ), which is partially held by a trust for the benefit of Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members of George G. Beasley and partially owned directly by Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members, for \$1.3 million then leased the tower back under an agreement which expires on December 31, 2025 with four automatic renewal terms of five years each. 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 not be recognized until our continuing involvement is no longer present.

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, 2016. Lease payments 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 these towers for the year ended December 31, 2015. On November 17, 2015, two of the towers were sold to an unrelated party and \$0.3 million of the gain deferred in 2006 was recognized and reported in other income (expense), net. In addition, BFT prepaid rent of \$0.7 million on our behalf to the unrelated party. Repayments of prepaid rent to BFT were approximately \$8,000 for the year ended December 31, 2015.

*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 Bruce G. Beasley, Caroline 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 with four automatic renewal terms of five years each. 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 not be recognized until our continuing involvement is no longer present.

*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, 2018. Rental expense was \$0.2 million for the year ended December 31, 2015.

*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 Bruce G. Beasley, Caroline Beasley, Brian E. Beasley, and other family members of George G. Beasley. The lease agreement expires on November 1, 2023. Rental expense was approximately \$42,000 for the year ended December 31, 2015.

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*Digital PowerRadio, LLC*

On March 25, 2011, we contributed \$250,000 to Digital PowerRadio, LLC ( DPR ) 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, and \$166,667 on April 3, 2015 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 DPR in the future. DPR is managed by Fowler Radio Group, LLC which is partially-owned by Mark S. Fowler, an independent director of Beasley Broadcast Group, Inc.

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 Family Towers, LLC*

In December 2000, we finalized the sale of most of our radio towers and related real estate assets to BFT for \$5.1 million in unsecured notes. As of December 31, 2014, the aggregate outstanding balance of the notes receivable was \$1.7 million. On November 30, 2015, the notes were repaid in full. Interest income on the notes receivable from BFT was approximately \$37,000 for the year ended December 31, 2015.

We lease radio towers for 23 radio stations in various markets from BFT. The lease agreements expire on various dates through December 28, 2020. Rental expense was \$0.5 million for the year ended December 31, 2015.

*Wintersrun Communications, LLC*

We leased a radio tower for one radio station in Augusta, GA from Wintersrun. Rental expense was approximately \$24,000 for the year ended December 31, 2015. 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 \$6,000 for the year ended December 31, 2015.

*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 Bruce G. Beasley, Caroline 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, 2015.

*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 Bruce G. Beasley, Caroline Beasley, Brian E. Beasley, and other family members of George G. Beasley. Rental expense was \$0.2 million for the year ended December 31, 2015.

As of December 31, 2015, future minimum payments to related parties for the next five years and thereafter are summarized as follows:

|              |                     |
|--------------|---------------------|
| 2016         | \$ 1,017,828        |
| 2017         | 1,032,043           |
| 2018         | 1,046,714           |
| 2019         | 783,772             |
| 2020         | 652,230             |
| Thereafter   | 1,069,479           |
| <b>Total</b> | <b>\$ 5,602,066</b> |

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements as of December 31, 2015.

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**Inflation**

For the years ended December 31, 2014 and 2015, 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.

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

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

Beasley Broadcast Group, Inc.

Naples, Florida

We have audited the accompanying consolidated balance sheets of Beasley Broadcast Group, Inc. (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, stockholders equity, and cash flows for the years then ended. In connection with our audits of the consolidated financial statements, we have also audited the consolidated financial statement schedule listed in the accompanying index in Item 8. These consolidated financial statements and consolidated financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As disclosed in Note 3 of the Notes to Consolidated Financial Statements, on December 1, 2014, the Company completed an asset exchange with CBS Radio under which the Company agreed to exchange all of the assets used or useful in the operations of WRDW-FM and WXTU-FM in Philadelphia, PA and WKIS-FM, WPOW-FM and WQAM-AM in Miami, FL previously owned and operated by the Company for all of the assets used or useful in the operations of WIP-AM in Philadelphia, PA, WHFS-AM, WHFS-FM, WLLD-FM, WQYK-FM, WRBQ-FM and WYUU-FM in Tampa, FL and WBAV-FM, WBCN-AM, WFNZ-AM, WKQC-FM, WNKS-FM, WPEG-FM and WSOC-FM in Charlotte, NC previously owned and operated by CBS Radio Stations Inc. Our opinion is not modified with respect to this matter.

/s/ Crowe Horwath LLP

Fort Lauderdale, Florida

February 26, 2016





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

|  | <b>December<br/>31,<br/>2014</b> | <b>December<br/>31,<br/>2015</b> |
|--|----------------------------------|----------------------------------|
| <b>ASSETS</b>  |                                  |                                  |
| Current assets:  |                                  |                                  |
| Cash and cash equivalents  | \$ 14,259,441                    | \$ 14,318,494                    |
| Accounts receivable, less allowance for doubtful accounts of \$544,932 in 2014 and \$596,380 in 2015   | 17,637,686                       | 19,847,536                       |
| Prepaid expenses   | 636,552                          | 1,896,491                        |
| Other current assets   | 2,784,210                        | 1,017,059                        |
| <b>Total current assets</b>  | <b>35,317,889</b>                | <b>37,079,580</b>                |
| Restricted cash  |                                  | 743,195                          |
| Notes receivable from related parties  | 1,748,092                        |                                  |
| Property and equipment, net  | 28,254,202                       | 27,523,353                       |
| FCC broadcasting licenses  | 234,328,330                      | 234,719,505                      |
| Goodwill   | 8,857,516                        | 5,336,583                        |
| Other intangibles, net   | 1,358,026                        | 544,238                          |
| Other assets   | 4,326,826                        | 5,455,441                        |
| <b>Total assets</b>  | <b>\$ 314,190,881</b>            | <b>\$ 311,401,895</b>            |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                                  |                                  |
| Current liabilities:   |                                  |                                  |
| Current installments of long-term debt   | \$ 3,112,500                     | \$ 1,484,048                     |
| Accounts payable   | 1,120,434                        | 1,827,003                        |
| Other current liabilities  | 9,864,528                        | 7,588,106                        |
| <b>Total current liabilities</b>   | <b>14,097,462</b>                | <b>10,899,157</b>                |
| Due to related parties   |                                  | 952,465                          |
| Long-term debt, net of current installments and unamortized debt issuance costs  | 93,025,258                       | 86,461,778                       |
| Deferred tax liabilities   | 75,776,497                       | 77,739,201                       |
| Other long-term liabilities  | 749,376                          | 1,812,219                        |
| <b>Total liabilities</b>   | <b>183,648,593</b>               | <b>177,864,820</b>               |
| 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; 9,275,746 issued and 6,444,842 outstanding in 2014; 9,449,956 issued and 6,567,777 outstanding in 2015 | 9,276                            | 9,450                            |
|  | 16,662                           | 16,662                           |

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|  |                |                |
|--|----------------|----------------|
| Class B common stock, \$0.001 par value; 75,000,000 shares authorized;<br>16,662,743 issued and outstanding in 2014 and 2015 |                |                |
| Additional paid-in capital   | 118,535,400    | 119,495,619    |
| Treasury stock, Class A common stock; 2,830,904 shares in 2014; 2,882,179<br>shares in 2015                                  | (15,107,464)   | (15,361,869)   |
| Retained earnings  | 27,066,481     | 29,302,054     |
| Accumulated other comprehensive income   | 21,933         | 75,159         |
| Total stockholders' equity   | 130,542,288    | 133,537,075    |
| Total liabilities and stockholders' equity   | \$ 314,190,881 | \$ 311,401,895 |

*See accompanying notes to consolidated financial statements*

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

|   | <b>Year Ended<br/>December<br/>31,<br/>2014</b> | <b>Year Ended<br/>December<br/>31,<br/>2015</b> |
|---|---|---|
| Net revenue   | \$ 58,705,903                                   | \$ 105,946,670                                  |
| Operating expenses:   |   |   |
| Station operating expenses (including stock-based compensation of \$101,362 in 2014 and \$110,781 in 2015 and excluding depreciation and amortization shown separately below) | 40,351,258                                      | 75,609,147                                      |
| Corporate general and administrative expenses (including stock-based compensation of \$1,216,540 in 2014 and \$1,002,110 in 2015)   | 8,923,117                                       | 8,983,860                                       |
| Radio station exchange transaction costs  | 1,261,318                                       | 349,917   |
| Employee termination expenses   | 458,585   |   |
| Depreciation and amortization   | 2,151,949                                       | 3,834,992                                       |
| Impairment loss   |   | 3,520,933                                       |
| <b>Total operating expenses</b>   | <b>53,146,227</b>                               | <b>92,298,849</b>                               |
| Operating income  | 5,559,676                                       | 13,647,821                                      |
| Non-operating income (expense):   |   |   |
| Interest expense  | (4,375,129)                                     | (3,967,794)                                     |
| Loss on modification of long-term debt  | (30,569)  | (558,856)                                       |
| Other income (expense), net   | 326,282   | 881,938   |
| <b>Income from continuing operations before income taxes</b>  | <b>1,480,260</b>                                | <b>10,003,109</b>                               |
| Income tax expense  | 514,275   | 3,640,787                                       |
| <b>Income from continuing operations</b>  | <b>965,985</b>                                  | <b>6,362,322</b>                                |
| Income from discontinued operations (net of income taxes)   | 39,033,382                                      |   |
| <b>Net income</b>   | <b>39,999,367</b>                               | <b>6,362,322</b>                                |
| Other comprehensive income:   |   |   |
| Unrealized gain (loss) on securities (net of income tax benefit of \$1,770 in 2014 and income tax expense of \$32,494 in 2015)  | (2,689)   | 53,226  |
| <b>Comprehensive income</b>   | <b>\$ 39,996,678</b>                            | <b>\$ 6,415,548</b>                             |
| Basic net income per share:   |   |   |
| Continuing operations   | \$ 0.04   | \$ 0.28   |
| Discontinued operations   | \$ 1.71   | \$  |
| <b>Net income per share</b>   | <b>\$ 1.75</b>                                  | <b>\$ 0.28</b>                                  |

|                                      |            |            |
|--------------------------------------|------------|------------|
| Diluted net income per share:        |            |            |
| Continuing operations                | \$ 0.04    | \$ 0.28    |
| Discontinued operations              | \$ 1.70    | \$         |
| Net income per share                 | \$ 1.74    | \$ 0.28    |
| Dividends declared per common share  | \$ 0.18    | \$ 0.18    |
| Weighted average shares outstanding: |            |            |
| Basic                                | 22,811,825 | 22,911,727 |
| Diluted                              | 22,944,815 | 23,025,720 |

*See accompanying notes to consolidated financial statements*

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

|               | Class A   |          | Common Stock |           | Additional<br>Paid-In<br>Capital | Treasury Stock |                 | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income | Total<br>Stockholders'<br>Equity |
|---------------|-----------|----------|--------------|-----------|----------------------------------|----------------|-----------------|--|---|----------------------------------|
|               | Shares    | Amount   | Shares       | Amount    |                                  | Shares         | Amount          |  |   |                                  |
| As of         |           |          |              |           |                                  |                |                 |  |   |                                  |
| 2014          | 9,073,940 | \$ 9,074 | 16,662,743   | \$ 16,662 | \$ 117,130,362                   | (2,788,608)    | \$ (14,729,984) | \$ (8,824,642)                                   | \$ 24,622                                       | \$ 93,362,000                    |
| Issued        | 201,806   | 202      |              |           | 1,317,700                        |                |                 |  |   | 1,317,700                        |
| Repurchased   |           |          |              |           | (1,282)                          |                |                 |  |   | (1,282)                          |
| Issuance of   |           |          |              |           | 88,620                           |                |                 |  |   | 88,620                           |
| of            |           |          |              |           |                                  | (42,296)       | (377,480)       |  |   | (419,776)                        |
| of            |           |          |              |           |                                  |                |                 | 39,999,367                                       |   | 39,999,367                       |
| Share         |           |          |              |           |                                  |                |                 | (4,108,244)                                      |   | (4,108,244)                      |
| Comprehensive |           |          |              |           |                                  |                |                 |  | (2,689)   | (2,689)                          |
| As of         |           |          |              |           |                                  |                |                 |  |   |                                  |
| 2015          | 9,275,746 | 9,276    | 16,662,743   | 16,662    | 118,535,400                      | (2,830,904)    | (15,107,464)    | 27,066,481                                       | 21,933  | 130,000,000                      |
| Issued        | 174,210   | 174      |              |           | 1,112,717                        |                |                 |  |   | 1,112,717                        |
| Repurchased   |           |          |              |           | (1,462)                          |                |                 |  |   | (1,462)                          |
| Issuance of   |           |          |              |           | (151,036)                        |                |                 |  |   | (151,036)                        |
| of            |           |          |              |           |                                  | (51,275)       | (254,405)       |  |   | (305,680)                        |
| of            |           |          |              |           |                                  |                |                 | 6,362,322  |   | 6,362,322                        |
| Share         |           |          |              |           |                                  |                |                 | (4,126,749)                                      |   | (4,126,749)                      |

share

nsive

53,226

as of

31,

|           |          |            |           |                |             |                 |               |           |                |
|-----------|----------|------------|-----------|----------------|-------------|-----------------|---------------|-----------|----------------|
| 9,449,956 | \$ 9,450 | 16,662,743 | \$ 16,662 | \$ 119,495,619 | (2,882,179) | \$ (15,361,869) | \$ 29,302,054 | \$ 75,159 | \$ 133,000,000 |
|-----------|----------|------------|-----------|----------------|-------------|-----------------|---------------|-----------|----------------|

*See accompanying notes to consolidated financial statements*

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

|  | <b>Year Ended<br/>December<br/>31,<br/>2014</b> | <b>Year Ended<br/>December<br/>31,<br/>2015</b> |
|--|---|---|
| <b>Cash flows from operating activities:</b>   |   |   |
| Net income   | \$ 39,999,367                                   | \$ 6,362,322                                    |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |   |   |
| Stock-based compensation   | 1,317,902                                       | 1,112,891                                       |
| Provision for bad debts  | 589,270   | 695,246   |
| Depreciation and amortization  | 2,525,951                                       | 3,834,992                                       |
| Gain on exchange of radio stations   | (54,306,974)                                    |   |
| Impairment loss  |   | 3,520,933                                       |
| Amortization of loan fees  | 369,922   | 339,924   |
| Loss on notes receivable from related party  | 332,034   |   |
| Loss on modification of long-term debt   | 30,569  | 558,856   |
| Deferred income taxes  | 24,344,571                                      | 2,014,468                                       |
| <b>Change in operating assets and liabilities:</b>                                       |   |   |
| Accounts receivable  | (1,031,503)                                     | (2,905,096)                                     |
| Prepaid expenses   | 801,275   | (1,259,939)                                     |
| Other assets   | (629,967)                                       | 1,327,158                                       |
| Accounts payable   | (554,696)                                       | 706,569   |
| Other liabilities  | 3,308,014                                       | (2,433,033)                                     |
| Other operating activities   | (182,035)                                       | 496,464   |
| <b>Net cash provided by operating activities</b>   | <b>16,913,700</b>                               | <b>14,371,755</b>                               |
| <b>Cash flows from investing activities:</b>   |   |   |
| Change in restricted cash  |   | (743,195)                                       |
| Capital expenditures   | (3,047,388)                                     | (2,129,084)                                     |
| Proceeds from sales of radio towers  |   | 1,737,500                                       |
| Payments for translator licenses   | (155,000)                                       | (391,175)                                       |
| Payments for investments   | (104,167)                                       | (166,667)                                       |
| Repayment of notes receivable from related parties                                       | 375,376   | 1,748,092                                       |
| <b>Net cash provided by (used in) investing activities</b>                               | <b>(2,931,179)</b>                              | <b>55,471</b>                                   |
| <b>Cash flows from financing activities:</b>   |   |   |
| Proceeds from issuance of indebtedness   |   | 806,250   |
| Principal payments on indebtedness   | (9,181,250)                                     | (9,500,000)                                     |
| Payments of loan fees  | (447,828)                                       | (1,147,178)                                     |
| Tax benefit (shortfall) from vesting of restricted stock                                 | 88,620  | (151,036)                                       |
| Dividends paid   | (4,104,155)                                     | (4,121,804)                                     |

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|  |               |               |
|--|---------------|---------------|
| Payments for treasury stock  | (377,480)     | (254,405)     |
| Net cash used in financing activities                                    | (14,022,093)  | (14,368,173)  |
| Net increase (decrease) in cash and cash equivalents                     | (39,572)      | 59,053        |
| Cash and cash equivalents at beginning of period                         | 14,299,013    | 14,259,441    |
| Cash and cash equivalents at end of period                               | \$ 14,259,441 | \$ 14,318,494 |
| Cash paid for interest   | \$ 4,005,207  | \$ 3,601,812  |
| Cash paid for income taxes   | \$ 2,709,995  | \$ 5,166,327  |
| Supplement disclosure of non-cash investing and financing activities:    |               |               |
| Property and equipment acquired through placement of advertising airtime | \$ 59,991     | \$ 154,998    |
| Property and equipment acquired through capital leases                   | \$            | \$ 750,216    |
| Property and equipment acquired through a logo agreement                 | \$ 179,980    | \$            |
| Dividends declared but unpaid  | \$ 1,027,628  | \$ 1,032,573  |

*See accompanying notes to consolidated financial statements*



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**BEASLEY BROADCAST GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(1) Nature of Business**

Beasley Broadcast Group, Inc. (the Company) is a radio broadcasting company operating one reportable business segment whose primary business is operating radio stations throughout the United States. The Company owns and operates 52 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Las Vegas, NV, Philadelphia, PA, Tampa-Saint Petersburg, FL, West Palm Beach-Boca Raton, FL, and Wilmington, DE.

**(2) Summary of Significant Accounting Policies**

*Principles of Consolidation*

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company transactions and balances have been eliminated.

*Use of Estimates*

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates include (i) fair values used for testing FCC broadcasting licenses and goodwill for impairment; (ii) future cash flows used for testing recoverability of property and equipment; (iii) the amount of allowance for doubtful accounts; (iv) the realization of deferred tax assets, and (v) the fair value of assets exchanged with CBS Radio. Actual results and outcomes may differ from management's estimates and assumptions.

*Cash and Cash Equivalents*

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

*Accounts Receivable*

Accounts receivable consist primarily of uncollected amounts due from advertisers for the sale of advertising airtime. The amounts are net of advertising agency commissions and an allowance for doubtful accounts. The allowance for doubtful accounts reflects management's estimate of probable losses in accounts receivable. Management determines the allowance based on historical information, relative improvements or deteriorations in the age of the accounts receivable and changes in current economic conditions. Interest is not accrued on accounts receivable.

*Property and Equipment*

Property and equipment is recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. If an event or change in circumstances were to indicate that the carrying amount of property and

equipment is not recoverable, the carrying amount will be reduced to the estimated fair value. Repairs and maintenance are charged to expense as incurred.

#### *FCC Broadcasting Licenses*

FCC broadcasting licenses are generally granted for renewable terms of eight years. Renewal costs are generally minor and expensed as incurred. Licenses are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the Company's licenses might be impaired. The Company assesses qualitative factors to determine whether it is more likely than not that its licenses are impaired. If the Company determines it is more likely than not that its licenses are impaired then the Company is required to perform the quantitative impairment test. The quantitative impairment test compares the fair value of the Company's 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 its licenses for impairment, the Company combines its licenses into reporting units based on its market clusters. See Note 6 for changes in the carrying amount of FCC broadcasting licenses for the years ended December 31, 2014 and 2015. The weighted-average period before the next renewal of the Company's FCC broadcasting licenses is 4.4 years.

#### *Goodwill*

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the Company's goodwill might be impaired. The Company assesses qualitative factors to determine whether it is more likely than not that

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the fair value of a reporting unit is less than its carrying amount. If the Company determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then it is required to perform the first step of a two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company is required to perform the second step of the two-step goodwill impairment test to measure the amount of the impairment loss. For the purpose of testing its goodwill for impairment, the Company has identified its market clusters as its reporting units. See Note 7 for changes in the carrying amount of goodwill for the years ended December 31, 2014 and 2015.

### *Other Intangibles*

Other intangibles include acquired advertising contracts and advertiser relationships and are amortized over their respective estimated useful lives. If an event or change in circumstances were to indicate that the carrying amount of other intangibles is not recoverable, the carrying amount will be reduced to the estimated fair value.

### *Investment*

Other assets include a noncontrolling interest in Quu, Inc. which is accounted for under the cost method of accounting. Under the cost method of accounting, investments are carried at cost and only adjusted for distributions received in excess of earnings and other-than-temporary declines in fair value. The Company evaluates the investment on a quarterly basis and recognizes an impairment loss if a decline in value is determined to be other-than-temporary. Such impairment evaluations include the current business environment, the investee's competition, and the investee's ability to obtain additional financing to achieve its business plan. If the Company has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment, then the fair value of the investment is not estimated, as it is impracticable to do so. As of December 31, 2014 and 2015, the carrying value of the investment in Quu, Inc. is \$0.9 million.

### *Debt Issuance Costs*

Debt issuance costs are capitalized and amortized over the life of the related debt as interest expense on a straight-line basis which approximates the effective interest method. Unamortized debt issuance costs are reported as a direct deduction from the carrying amount of the related debt.

### *Treasury Stock*

Treasury stock is accounted for using the cost method whereby the entire cost of the acquired stock is recorded as treasury stock.

### *Revenue*

Revenue from the sale of advertising airtime is recognized when commercials are broadcast and collection is reasonably assured. Revenues are reported net of advertising agency commissions, generally 15% of gross revenue, in the financial statements. An estimated allowance is recorded for uncollectible accounts. Payments received before commercials are broadcast are recorded as deferred revenue. Trade sales are recorded at the estimated fair value of the goods or services received. Revenue from trade sales is recognized when commercials are broadcast. Goods or services are recorded when received. If commercials are broadcast before the goods or services are received then a trade sales receivable is recorded. If goods or services are received before the broadcast of commercials then a trade sales payable is recorded. Trade sales revenue was \$3.7 million for each of the years ended December 31, 2014 and

2015. Trade sales expenses were \$3.9 million and \$4.0 million for the years ended December 31, 2014 and 2015, respectively.

*Stock-Based Compensation*

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized in earnings over the period during which an employee is required to provide service. No compensation cost is recognized for equity instruments for which employees do not render the requisite services.

*Income Taxes*

The Company recorded income taxes under the liability method. Deferred tax assets and liabilities are recognized for all temporary differences between tax and financial reporting bases of the Company's assets and liabilities using enacted tax rates applicable to the periods in which the differences are expected to affect taxable income. Tax benefits from an uncertain tax position are only recognized if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. Interest and penalties related to unrecognized tax benefits are recorded as incurred as a component of income tax expense.

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### *Comprehensive Income*

Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under accounting principles generally accepted in the United States of America are excluded from net income, including unrealized gain (loss) on available-for-sale securities.

### *Earnings per Share*

Basic net income per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Common shares outstanding include shares of both Class A and Class B common stock, which have equal rights and privileges except with respect to voting. Diluted net income per share reflect the potential dilution that could occur if stock options, restricted stock or other contracts to issue common stock were exercised or converted into common stock and were not anti-dilutive.

### *Concentrations of Risk*

Certain cash deposits with financial institutions may at times exceed FDIC insurance limits.

The radio stations located in Tampa-Saint Petersburg, FL and Charlotte, NC contributed 49.7% of the Company's net revenue in 2015.

### *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions based on the best information available in the circumstances. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad levels. The three levels of the fair value hierarchy are defined as follows:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, as of the reporting date.

Level 3 Unobservable inputs for the asset or liability that reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability as of the reporting date.

### *Recent Accounting Pronouncements*

In January 2016, the FASB issued guidance that changes how entities measure equity investments and present changes in the fair value of financial liabilities. The new guidance requires entities to measure equity investments that do not result in consolidation and are not accounted under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicality exception. A practicality exception will apply to those equity investments that do not have a readily determinable fair value and do not qualify for the practical expedient to estimate fair value and as such these investments may be measured at cost. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company

has not determined the impact of adoption on its financial statements.

In November 2015, the FASB issued guidance to simplify the presentation of deferred taxes in a classified statement of financial position. The guidance requires deferred tax liabilities and assets to be classified as noncurrent in a classified statement of financial position. The new guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. This guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. Early adoption is permitted as of the beginning of an interim or annual reporting period. The Company early adopted the new guidance in the fourth quarter of 2015, which has been applied retrospectively. As a result of the adoption of the new guidance, current deferred tax assets of \$0.2 million, were reclassified as a reduction of long-term deferred tax liabilities in the balance sheet as of December 31, 2014.

In April 2015, the FASB issued guidance to simplify the presentation of debt issuance costs. The guidance requires debt issuance related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. In August 2015, the FASB issued guidance to simplify the presentation of debt issuance costs related to line of credit agreements. The guidance allows debt issuance costs related to line of credit agreements to be presented as an asset and amortized over the term of the line of credit agreement. Early adoption is permitted for financial statements that have not been previously issued. The Company early adopted the new guidance in the fourth quarter of 2015, which has been applied retrospectively. As a result of the

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adoption of the new guidance, unamortized debt issuance costs of \$1.6 million originally included in other assets, were reclassified as a direct deduction from long-term debt in the balance sheet as of December 31, 2014. See Note 10 for unamortized debt issuance costs reported under the new guidance.

In May 2014, the FASB issued guidance to clarify the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a comprehensive framework for revenue recognition that supersedes current general revenue guidance and most industry-specific guidance. In addition, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. An entity should apply the guidance either retrospectively to each prior reporting period presented or retrospectively with the cumulative adjustment at the date of the initial application. In August 2015, the FASB delayed the effective date of the new guidance to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is now permitted after the original effective date of December 15, 2016. The Company has not determined the impact of adoption on its financial statements.

In April 2014, the FASB issued guidance that changes the requirements for reporting discontinued operations. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when any of the following occurs:

1. The component of an entity or group of components of an entity meets the criteria to be classified as held for sale.
2. The component of an entity or group of components of an entity is disposed of by sale.
3. The component of an entity or group of components of an entity is disposed of other than by sale.

The guidance also requires additional disclosures about discontinued operations. The new guidance is effective for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company early adopted the new guidance in the third quarter of 2014. See Note 3 for discontinued operations reported under the new guidance.

**(3) Asset Exchange**

On December 1, 2014, the Company completed an asset exchange with CBS Radio Stations, Inc. ( CBS Radio ) under which the Company agreed to exchange all of the assets used or useful in the operations of WRDW-FM and WXTU-FM in Philadelphia, PA and WKIS-FM, WPOW-FM and WQAM-AM in Miami, FL previously owned and operated by the Company for all of the assets used or useful in the operations of WIP-AM in Philadelphia, PA, WHFS-AM, WHFS-FM, WLLD-FM, WQYK-FM, WRBQ-FM and WYUU-FM in Tampa, FL and WBAV-FM, WBCN-AM, WFNZ-AM, WKQC-FM, WNKS-FM, WPEG-FM and WSOC-FM in Charlotte, NC previously owned and operated by CBS Radio. The asset exchange substantially broadened and diversified the Company's local radio

broadcasting platform and revenue base with fourteen new stations that are geographically complementary to the Company's ongoing operations, while also presenting financial and operating synergies with the Company's ongoing station portfolio and digital operations.

The following pro forma information for the year ended December 31, 2014 assumes that the asset exchange had occurred on January 1, 2014. This pro forma information has been prepared based on estimates and assumptions, which management believes are reasonable, and is not necessarily indicative of what would have occurred had the asset exchange actually been completed on January 1, 2014 or of results that may occur in the future.

|                              |                |
|------------------------------|----------------|
| Net revenue                  | \$ 112,173,985 |
| Operating income             | 19,589,159     |
| Net income                   | 9,501,522      |
| Basic net income per share   | 0.42           |
| Diluted net income per share | 0.41           |

***Discontinued Operations***

After completion of the asset exchange, the Company has significantly decreased operations in the Philadelphia, PA radio market and no longer has any operations in the Miami-Fort Lauderdale, FL radio market. Therefore, the results of operations of WRDW-FM, WXTU-FM, WKIS-FM, WPOW-FM and WQAM-AM have been reported as discontinued operations for the year ended December 31, 2014.



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A summary of discontinued operations is as follows:

|   |               |
|---|---------------|
| Net revenue   | \$ 42,621,758 |
| Station operating expenses                              | 27,732,682    |
| Employee termination expenses                           | 62,500        |
| Depreciation and amortization                           | 374,002       |
| Gain on exchange of radio stations                      | (54,306,974)  |
| Other (income) expense, net                             | 330,416       |
| Income from discontinued operations before income taxes | 68,429,132    |
| Income tax expense                                      | 29,395,750    |
| Income from discontinued operations                     | \$ 39,033,382 |

A summary of operating and investing cash flows of discontinued operations is as follows:

|  |               |
|--|---------------|
| Cash flows from operating activities:  |               |
| Income from discontinued operations  | \$ 39,033,382 |
| Adjustments to reconcile income from discontinued operations to net cash provided by (used in) operating activities: |               |
| Provision for bad debts  | 171,414       |
| Depreciation and amortization  | 374,002       |
| Gain on exchange of radio stations   | (54,306,974)  |
| Loss on notes receivable from related party  | 332,034       |
| Change in operating assets and liabilities   |               |
| Accounts receivable  | 2,432,650     |
| Prepaid expenses   | 732,113       |
| Other assets   | (846,870)     |
| Accounts payable   | (119,044)     |
| Other liabilities  | 27,766,919    |
| Other operating activities   | (15,760,304)  |
| Net cash used in operating activities  | \$ (190,678)  |
| Cash flows from investing activities:  |               |
| Capital expenditures   | \$ (324,847)  |
| Repayment of notes receivable from related parties   | 11,003        |
| Net cash used in investing activities  | \$ (313,844)  |

**(4) Restricted Cash**

On December 31, 2015, the Company placed \$0.8 million of the proceeds from the sale of a radio tower with a qualified intermediary. On February 12, 2016, the Company identified property to replace the relinquished property. As a result, the sales proceeds held at the qualified intermediary have been recorded as restricted cash. The Company has 180 days to complete the acquisition of the replacement property or the cash will be released by the qualified intermediary and will be reclassified to unrestricted cash.

**(5) Property and Equipment**

Property and equipment is comprised of the following:

|  | <b>December 31,</b> |               | <b>Estimated<br/>useful lives<br/>(years)</b> |
|--|---------------------|---------------|---|
|  | <b>2014</b>         | <b>2015</b>   |   |
| Land, buildings and improvements               | \$ 18,765,200       | \$ 18,911,203 | 15-30   |
| Broadcast equipment                            | 23,477,103          | 24,006,321    | 5-15  |
| Transportation equipment                       | 1,159,516           | 1,461,427     | 5   |
| Office equipment                               | 2,952,183           | 3,680,478     | 5-10  |
| Construction in progress                       | 1,297,426           | 1,222,155     |   |
|  | 47,651,428          | 49,281,584    |   |
| Less accumulated depreciation and amortization | (19,397,226)        | (21,758,231)  |   |
|  | \$ 28,254,202       | \$ 27,523,353 |   |

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As of December 31, 2015, broadcast equipment includes capital leases totaling \$0.8 million for two radio towers. The Company recorded depreciation and amortization expense of \$2.4 million and \$3.0 million for the years ended December 31, 2014 and 2015, respectively.

**(6) FCC Broadcasting Licenses**

The changes in the carrying amount of FCC broadcasting licenses for the years ended December 31, 2014 and 2015 are as follows:

|   |                |
|---|----------------|
| Balance as of January 1, 2014                                       | \$ 108,961,730 |
| Acquisitions of translator licenses                                 | 155,000        |
| FCC broadcasting licenses received from asset exchange (see Note 3) | 125,211,600    |
| Balance as of December 31, 2014                                     | 234,328,330    |
| Acquisitions of translator licenses                                 | 391,175        |
| Balance as of December 31, 2015                                     | \$ 234,719,505 |

On February 14, 2014, the Company completed the acquisition of one FM translator license from Starboard Media Foundation, Inc. for \$15,000, and on March 1, 2014, the Company placed in service one FM translator license acquired from CTC Media Group for \$65,000. These translator licenses allow the Company to rebroadcast the programming of two of its radio stations in Greenville-New Bern-Jacksonville, NC on the FM band over an expanded area of coverage. On May 1, 2014, the Company completed the acquisition of one FM translator license from Eastern Airwaves, LLC for \$75,000. This translator license allows the Company to rebroadcast the programming of one of its radio stations in Fayetteville, NC on the FM band over an expanded area of coverage.

On February 27, 2015, the Company completed the acquisition of one FM translator license from Reach Communications, Inc. for \$0.2 million. This translator license allows the Company to rebroadcast the programming of one of its radio stations in Boca Raton, FL on the FM band over an expanded area of coverage. On June 25, 2015, the Company completed the acquisition of two FM translator licenses from the University of Northwestern for \$0.2 million. These translator licenses allow the Company to rebroadcast the programming of one of its radio stations in Tampa, FL and one of its radio stations in Fort Myers, FL on the FM band over an expanded area of coverage.

Translator licenses are generally granted for renewable terms of eight years and are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired.

**(7) Goodwill**

The changes in the carrying amount of goodwill for the years ended December 31, 2014 and 2015 are as follows:

|   |              |
|---|--------------|
| Balance as of January 1, 2014             | \$ 7,062,310 |
| Goodwill from asset exchange (see Note 3) | 1,795,206    |

|                                 |              |
|---------------------------------|--------------|
| Balance as of December 31, 2014 | 8,857,516    |
| Impairment loss                 | (3,520,933)  |
| Balance as of December 31, 2015 | \$ 5,336,583 |

Goodwill related to the asset exchange with CBS Radio was recorded net of deferred taxes of \$1.0 million as of the acquisition date of December 1, 2014.

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the Company's goodwill might be impaired. For the purpose of testing its goodwill for impairment, the Company has identified its market clusters as its reporting units.

As a result of its qualitative assessment during the third quarter of 2015, the Company determined it was more likely than not that the fair value of the Wilmington market cluster was less than its carrying amount. The Company determined that the Wilmington market cluster would not meet its cash flow projections for 2015 primarily due to a continuing decrease in cash flows and a decline in ratings during the third quarter of 2015. Therefore the Company performed the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. The first step test indicated that the carrying amount of the goodwill in the Wilmington market cluster exceeded its fair value, therefore the Company was required to perform the second step of the two-step goodwill impairment test to measure the amount of the impairment loss. As a result of the second step test, the Company recorded an impairment loss of \$3.5 million, which reflects 100% of the goodwill in its Wilmington market cluster, during the third quarter of 2015.

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The fair value of the Wilmington market cluster was estimated using an income approach. The income approach is based upon discounted cash flow analyses incorporating variables such as projected revenues, projected growth rate for revenues, projected station operating income margins, and a discount rate. The key assumptions in the discounted cash flow analyses are as follows:

|                                  |             |
|----------------------------------|-------------|
| Long-term revenue growth rate    | 2.5%        |
| Station operating income margins | 23.5% - 50% |
| Discount rate                    | 9.5%        |

**(8) Other Intangibles**

Other intangibles are comprised of the following:

|                                | December 31,<br>2014 | December 31,<br>2015 |
|--------------------------------|----------------------|----------------------|
| Acquired advertising contracts | \$ 409,233           | \$                   |
| Advertiser relationships       | 1,098,279            | 1,098,279            |
|                                | 1,507,512            | 1,098,279            |
| Less accumulated amortization  | (149,486)            | (554,041)            |
|                                | \$ 1,358,026         | \$ 544,238           |

The Company recorded amortization expense of \$0.1 million and \$0.8 million for the years ended December 31, 2014 and 2015, respectively. Estimated future amortization expense related to intangible assets subject to amortization for the next five years is as follows:

|       |            |
|-------|------------|
| 2016  | \$ 276,832 |
| 2017  | 140,677    |
| 2018  | 71,648     |
| 2019  | 36,309     |
| 2020  | 18,772     |
| Total | \$ 544,238 |

**(9) Other Current Liabilities**

Other current liabilities are comprised of the following:

|                          | <b>December 31,</b> |                     |
|--------------------------|---------------------|---------------------|
|                          | <b>2014</b>         | <b>2015</b>         |
| Accrued payroll expenses | \$ 2,094,539        | \$ 2,247,886        |
| Deferred revenue         | 840,547             | 1,156,510           |
| Dividends payable        | 1,027,628           | 1,032,573           |
| Trade sales payable      | 693,819             | 761,344             |
| Deferred rent            | 351,648             | 560,169             |
| Income taxes payable     | 2,413,145           |                     |
| Prorations payable       | 1,575,428           |                     |
| Other accrued expenses   | 867,774             | 1,829,624           |
|                          | <b>\$ 9,864,528</b> | <b>\$ 7,588,106</b> |

**(10) Long-Term Debt**

Long-term debt is comprised of the following:

|                                      | <b>December<br/>31,<br/>2014</b> | <b>December<br/>31,<br/>2015</b> |
|--------------------------------------|----------------------------------|----------------------------------|
| Term loan                            | \$ 97,693,750                    | \$ 89,000,000                    |
| Revolving credit facility            |                                  |                                  |
| Capital lease obligations            |                                  | 750,216                          |
|                                      | 97,693,750                       | 89,750,216                       |
| Less unamortized debt issuance costs | (1,555,992)                      | (1,804,390)                      |
|                                      | 96,137,758                       | 87,945,826                       |
| Less current installments            | (3,112,500)                      | (1,484,048)                      |
|                                      | <b>\$ 93,025,258</b>             | <b>\$ 86,461,778</b>             |

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As of December 31, 2014, the credit facility consisted of a term loan with a remaining balance of \$97.7 million and a revolving credit facility with a maximum commitment of \$20.0 million. The credit facility carried interest, based on adjusted LIBOR, at 3.4% as of December 31, 2014.

On November 30, 2015, the Company, through its wholly-owned subsidiary, Beasley Mezzanine Holdings, LLC, entered into a new credit agreement with a syndicate of financial institutions. Proceeds from the new credit facility were primarily used to repay the old credit facility. In connection with the new credit agreement, the Company recorded a loss on modification of long-term debt of \$0.6 million during the fourth quarter of 2015.

As of December 31, 2015, the credit facility consisted of a term loan with a remaining balance of \$89.0 million and a revolving credit facility with a maximum commitment of \$20.0 million. As of December 31, 2015, the Company had \$20.0 million in available commitments under its revolving credit facility. At the Company's option, the credit facility may bear interest at either (i) the LIBOR rate, as defined in the credit agreement, plus a margin ranging from 2.5% to 4.5% that is determined by the Company's consolidated total debt ratio, as defined in the credit agreement or (ii) the base rate, as defined in the credit agreement, plus a margin ranging from 1.5% to 3.5% that is determined by the Company's consolidated total debt ratio. Interest on adjusted LIBOR loans is payable at the end of each applicable interest period and, for those interest periods with a duration in excess of three months, the three month anniversary of the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. The credit facility carried interest, based on LIBOR, at 3.9% as of December 31, 2015 and matures on November 30, 2020.

The credit agreement requires mandatory prepayments equal to 50% of consolidated excess cash flow, as defined in the credit agreement, when the Company's consolidated total debt is equal to or greater than three times its consolidated operating cash flow, as defined in the credit agreement. Prepayments of excess cash flow are not required when the Company's consolidated total debt is less than three times its consolidated operating cash flow. Mandatory prepayments of consolidated excess cash flow are due 120 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 the Company to comply with certain financial covenants which are defined in the credit agreement. These financial covenants include:

*Consolidated Total Debt Ratio.* The Company's consolidated total debt on the last day of each fiscal quarter through September 30, 2016 must not exceed 4.5 times its consolidated operating cash flow for the four quarters then ended. For the period from October 1, 2016 through March 31, 2017, the maximum ratio is 4.25 times. For the period from April 1, 2017 through December 31, 2017, the maximum ratio is 4.0 times. The maximum ratio is 3.75 for 2018, 3.5 times for 2019, and 3.0 times for 2020.

*Interest Coverage Ratio.* The Company's consolidated operating cash flow for the four quarters ending on the last day of each fiscal quarter through maturity must not be less than 2.0 times its consolidated cash interest expense for the four quarters then ended.

The new credit facility is secured by a first-priority lien on substantially all of the Company's assets and the assets of substantially all of its subsidiaries and is guaranteed jointly and severally by the Company and substantially all of its subsidiaries. If the Company defaults under the terms of the credit agreement, the Company and its applicable subsidiaries may be required to perform under their guarantees. As of December 31, 2015, the maximum amount of undiscounted payments the Company and its applicable subsidiaries would have been required to make in the event of

default was \$89.0 million. The guarantees for the credit facility expire on November 30, 2020.

Failure to comply with financial covenants, scheduled interest payments, scheduled principal repayments, or any other terms of the Company's credit agreement could result in the acceleration of the maturity of its outstanding debt, which could have a material adverse effect on its business or results of operations. As of December 31, 2015, the Company was in compliance with all applicable financial covenants under its credit agreement.

The Company has two capital leases related to radio towers. The obligations recorded as of December 31, 2015 represent the fair value of one tower and the present value of future lease payments under the lease agreements for the other tower. See Note 15 for additional information on the capital leases.

On February 23, 2016, a waiver was granted by the lenders party to the Company's credit agreement which allowed the Company to enter certain lease agreements with related parties. See Note 15 for additional information on the lease transactions.



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

|              |                      |
|--------------|----------------------|
| 2016         | \$ 1,484,048         |
| 2017         | 5,192,706            |
| 2018         | 6,901,460            |
| 2019         | 7,472,814            |
| 2020         | 68,331,772           |
| Thereafter   | 367,416              |
| <b>Total</b> | <b>\$ 89,750,216</b> |

**(11) Stockholders Equity**

The Company has two classes of common stock: Class A common stock and Class B common stock. In the election of directors, the holders of Class A common stock are entitled by class vote, exclusive of other stockholders, to elect two of the Company's directors, with each Class A share being entitled to one vote. In the election of the other six directors and all other matters submitted to the stockholders for a vote, the holders of Class A shares and Class B shares shall vote as a single class, with each Class A share being entitled to one vote and each Class B share entitled to ten votes.

The Company's credit agreement permits it to repurchase sufficient shares of its 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. The Company paid \$0.3 million to repurchase 51,275 shares in 2015.

The Company's credit agreement permits it to pay cash dividends and to repurchase additional shares of its common stock, subject to compliance with financial covenants, up to an aggregate amount of \$5.0 million in 2015 and \$6.0 million for each year thereafter. The Company paid cash dividends of \$4.1 million in 2014 and 2015. On December 8, 2015, the Company declared a cash dividend of \$0.045 per share on its Class A and Class B common stock. The dividend of \$1.0 million in the aggregate was paid on January 8, 2016, to stockholders of record on December 31, 2015.

**(12) Stock-Based Compensation**

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

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

| Shares | Weighted-Average |
|--------|------------------|
|--------|------------------|

|                                  |           | <b>Grant-Date<br/>Fair<br/>Value</b> |
|----------------------------------|-----------|--------------------------------------|
| Unvested as of January 1, 2014   | 195,767   | \$ 6.79                              |
| Granted                          | 248,864   | 8.44                                 |
| Vested                           | (126,148) | 6.71                                 |
| Forfeited                        | (47,058)  | 8.50                                 |
| Unvested as of December 31, 2014 | 271,425   | 8.20                                 |
| Granted                          | 185,076   | 5.20                                 |
| Vested                           | (161,176) | 8.22                                 |
| Forfeited                        | (10,866)  | 5.14                                 |
| Unvested as of December 31, 2015 | 284,459   | \$ 5.98                              |

As of December 31, 2015, there was \$0.8 million of total unrecognized compensation cost for restricted stock granted under the 2007 Plan. That cost is expected to be recognized over a weighted-average period of 1.6 years.

The 2000 Equity Plan of Beasley Broadcast Group, Inc. (the 2000 Plan ) was terminated upon adoption of the 2007 Plan, except with respect to outstanding awards. The remaining stock options expire ten years from the date of grant. No new awards will be granted under the 2000 Plan.

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A summary of stock option activity under the 2000 Plan is as follows:

|   | <b>Options</b> | <b>Weighted-Average<br/>Exercise<br/>Price</b> |
|---|----------------|--|
| Outstanding as of January 1, 2014                   | 62,250         | 15.82  |
| Forfeited   | (62,250)       | 15.82  |
| Outstanding and exercisable as of December 31, 2014 |                | \$   |

**(13) Income Taxes**

Income tax expense is as follows:

|   | <b>Year ended December 31,</b> |              |
|---|--------------------------------|--------------|
|   | <b>2014</b>                    | <b>2015</b>  |
| <b>Current:</b>                               |                                |              |
| Federal                                       | \$ 4,649,581                   | \$ 1,624,206 |
| State   | 832,118                        | 226,470      |
|   | 5,481,699                      | 1,850,676    |
| <b>Deferred:</b>                              |                                |              |
| Federal                                       | 23,421,301                     | 2,123,431    |
| State   | 1,007,025                      | (333,320)    |
|   | 24,428,326                     | 1,790,111    |
|   | \$ 29,910,025                  | \$ 3,640,787 |
| <b>Income taxes are allocated as follows:</b> |                                |              |
| Continuing operations                         | \$ 514,275                     | \$ 3,640,787 |
| Discontinued operations                       | 29,395,750                     |              |
|   | \$ 29,910,025                  | \$ 3,640,787 |

Income tax expense differs from the amounts that would result from applying the federal statutory rate of 35% to the Company's income before taxes as follows:

|  | <b>Year ended December 31,</b> |             |
|--|--------------------------------|-------------|
|  | <b>2014</b>                    | <b>2015</b> |

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|  |               |              |
|--|---------------|--------------|
| Expected tax expense                       | \$ 24,468,287 | \$ 3,501,088 |
| State income taxes, net of federal benefit | 1,195,443     | 331,177      |
| Income tax rate adjustments                | 1,109,211     | (400,629)    |
| Change in valuation allowance              | (3,333)       | (36,696)     |
| Non-deductible items                       | 3,140,417     | 245,847      |
|  | \$ 29,910,025 | \$ 3,640,787 |
| Discontinued operations                    | 29,395,750    |              |
| Continuing operations                      | \$ 514,275    | \$ 3,640,787 |

Temporary differences that give rise to the components of deferred tax assets and liabilities are as follows:

|                                  | <b>December 31,</b> |                 |
|----------------------------------|---------------------|-----------------|
|                                  | <b>2014</b>         | <b>2015</b>     |
| <b>Deferred tax assets:</b>      |                     |                 |
| Allowance for doubtful accounts  | \$ 329,107          | \$ 319,049      |
| Other assets                     | 780,009             | 15,752          |
| Accrued expenses                 | 134,277             | 212,808         |
| Other long-term liabilities      | 286,149             | 688,462         |
| Stock-based compensation         | 404,667             | 321,860         |
| Net operating losses             | 293,184             | 277,235         |
| Subtotal                         | 2,227,393           | 1,835,166       |
| Valuation allowance              | (630,775)           | (594,079)       |
| Total                            | 1,596,618           | 1,241,087       |
| <b>Deferred tax liabilities:</b> |                     |                 |
| Prepaid expenses                 | (243,067)           | (382,250)       |
| Property and equipment           | (3,088,066)         | (2,907,439)     |
| Intangibles                      | (74,041,982)        | (75,690,599)    |
| Total                            | (77,373,115)        | (78,980,288)    |
| Net deferred tax liabilities     | \$ (75,776,497)     | \$ (77,739,201) |

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As of December 31, 2015, the Company has state net operating losses of \$5.8 million, which expire in various years through 2030. The valuation allowance relates to net operating losses and unrealized losses on investments which management has determined, more likely than not, that such losses will not be utilized.

As of December 31, 2014 and 2015, the Company does not have any material unrecognized tax benefits and accordingly has not recorded any interest or penalties related to unrecognized tax benefits. The Company and its subsidiaries file a consolidated federal income tax return and various state returns. These returns remain subject to examination by taxing authorities for all years after 2011.

**(14) Earnings Per Share**

Net income per share calculation information is as follows:

|                                      | <b>Year ended December 31,</b> |              |
|--------------------------------------|--------------------------------|--------------|
|                                      | <b>2014</b>                    | <b>2015</b>  |
| Net income                           | \$ 39,999,367                  | \$ 6,362,322 |
| Weighted-average shares outstanding: |                                |              |
| Basic                                | 22,811,825                     | 22,911,727   |
| Effect of dilutive restricted stock  | 132,990                        | 113,993      |
| Diluted                              | 22,944,815                     | 23,025,720   |
| Net income per basic share           | \$ 1.75                        | \$ 0.28      |
| Net income per diluted share         | \$ 1.74                        | \$ 0.28      |

**(15) Related Party Transactions***Beasley Family Towers, LLC*

On December 31, 2015, the Company sold the tower for one radio station in Augusta, GA to Beasley Family Towers, LLC ( BFT ), which is partially held by a trust for the benefit of Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members of George G. Beasley and partially owned directly by Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members, for \$1.3 million then leased the tower back under an agreement which expires on December 31, 2025 with four automatic renewal terms of five years each. 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 not be recognized until the Company's continuing involvement is no longer present.

On November 30, 2015, the notes receivable from BFT were repaid in full. The notes totaled \$1.7 million as of December 31, 2014. Interest income on the notes receivable from BFT was approximately \$50,000 and \$37,000 for the years ended December 31, 2014 and 2015, respectively.

On August 4, 2006, the Company 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, 2016. Lease payments 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 these towers for the years ended December 31, 2014 and 2015. On November 17, 2015, two of the towers were sold to an unrelated party and \$0.3 million of the gain deferred in 2006 was recognized and reported in other income (expense), net. In addition, BFT prepaid rent of \$0.7 million on behalf of the Company to the unrelated party. The prepaid rent will be repaid with monthly payments of \$5,500 through November 17, 2025. Repayments of prepaid rent to BFT were approximately \$8,000 for the year ended December 31, 2015.

On April 7, 2014, BFT entered into an agreement to demolish a radio tower that was leased to the Company for a radio station in Miami, FL. As a result of the tower demolition, the agreement requiring the Company to make monthly lease payments of approximately \$3,000 per month to BFT was canceled and the Company forgave indebtedness of \$0.3 million associated with notes receivable from BFT. The related party debt forgiveness was approved by the Audit Committee. The \$0.3 million loss on the notes receivable was reported in other income (expense), net during the second quarter of 2014.

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The Company leases radio towers for 23 radio stations in various markets from BFT. The lease agreements expire on various dates through December 28, 2020. Rental expense was \$0.5 million for each of the years ended December 31, 2014 and 2015.

*Wintersrun Communications, LLC*

On December 31, 2015, the Company 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 Bruce G. Beasley, Caroline 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 with four automatic renewal terms of five years each. 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 not be recognized until the Company's continuing involvement is no longer present.

The Company leased a radio tower for one radio station in Augusta, GA from Wintersrun. Rental expense was approximately \$31,000 and \$24,000 for the years ended December 31, 2014 and 2015, respectively. On October 16, 2015, the tower was sold to an unrelated party and Wintersrun prepaid rent of \$0.3 million on behalf of the Company to the unrelated party. The prepaid rent will be repaid with monthly payments of \$2,559 through October 16, 2025. Repayments of prepaid rent to Wintersrun were approximately \$6,000 for the year ended December 31, 2015.

*GGB Las Vegas, LLC*

The Company leases property for its 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, 2018. Rental expense was \$0.2 million for each of the years ended December 31, 2014 and 2015.

*GGB Estero, LLC*

The Company leases property for its radio stations in Ft. Myers, FL from GGB Estero, LLC which is held by a trust for the benefit of Bruce G. Beasley, Caroline 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 each of the years ended December 31, 2014 and 2015.

*GGB Augusta, LLC*

The Company leases land for its radio stations in Augusta, GA from GGB Augusta, LLC which is held by a trust for the benefit of Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members of George G. Beasley. The lease agreement expires on November 1, 2023. Rental expense was approximately \$41,000 and \$42,000 for the years ended December 31, 2014 and 2015, respectively.

*Beasley Broadcasting Management, LLC*

The Company leases its principal executive offices in Naples, FL from Beasley Broadcasting Management, LLC, which is held by a trust for the benefit of Bruce G. Beasley, Caroline Beasley, Brian E. Beasley and other family members of George G. Beasley. Rental expense was \$0.2 million for each of the years ended December 31, 2014 and 2015.

*Digital PowerRadio, LLC*

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On March 25, 2011, the Company contributed \$250,000 to Digital PowerRadio, LLC ( DPR ) in exchange for 25,000 units or approximately 20% of the outstanding units. The Company 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, and \$166,667 on April 3, 2015 which maintained its ownership interest at approximately 20% of the outstanding units. The Company may be called upon to make additional pro rata cash contributions to DPR in the future. DPR is managed by Fowler Radio Group, LLC which is partly-owned by Mark S. Fowler, an independent director of the Company.

As of December 31, 2015, future minimum lease payments to related parties for the next five years and thereafter are summarized as follows:

|            |              |
|------------|--------------|
| 2016       | \$ 1,017,828 |
| 2017       | 1,032,043    |
| 2018       | 1,046,714    |
| 2019       | 783,772      |
| 2020       | 652,230      |
| Thereafter | 1,069,479    |
| Total      | \$ 5,602,066 |



**Table of Contents****(16) Commitments and Contingencies**

The Company leases property and equipment from third parties under five- to thirty-year operating leases. Lease expense was \$3.1 million and \$3.7 million for the years ended December 31, 2014 and 2015, respectively.

The Company also has various commitments for rating services, on-air personalities not employed by us, consultants and programming rights. As of December 31, 2015, future minimum payments to third parties for the next five years and thereafter are summarized as follows:

|              |                      |
|--------------|----------------------|
| 2016         | \$ 8,591,662         |
| 2017         | 9,279,734            |
| 2018         | 8,897,610            |
| 2019         | 3,441,001            |
| 2020         | 2,282,678            |
| Thereafter   | 7,723,100            |
| <b>Total</b> | <b>\$ 40,215,785</b> |

In the normal course of business, the Company is party to various legal matters. The ultimate disposition of these matters will not, in management's judgment, have a material adverse effect on the Company's financial position.

**(17) Financial Instruments**

The carrying amount of the Company's financial instruments including cash and cash equivalents, accounts receivable, restricted cash and accounts payable approximate fair value due to the short term nature of these financial instruments.

The carrying amount of long term debt, including capital lease obligations and current installments, was \$89.8 million as of December 31, 2015 and approximated fair value based on current market interest rates. The carrying amount of long-term debt was \$97.7 million as of December 31, 2014 and approximated fair value based on market rates at that time.

The carrying amount of notes receivable from related parties with a fixed rate of interest of 2.57% was \$1.7 million as of December 31, 2014, compared with a fair value of \$1.7 million based on market rates at that time.

**(18) Fair Value Measurements**

The Company has certain assets that are measured at fair value on a non-recurring basis and are adjusted to fair value only when the carrying values exceed the fair values. The categorization of the framework used to price the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value.

During the third quarter of 2015, the Company estimated the fair value of goodwill in its Wilmington market cluster using significant unobservable inputs (Level 3) and recorded an impairment loss of \$3.5 million.

**(19) Defined Contribution Plan**

The Company has a defined contribution plan that conforms with Section 401(k) of the Internal Revenue Code. Under this plan, employees may contribute a minimum of 1% of their compensation (no maximum) to the Plan. However,

the Internal Revenue Code limited contributions to \$17,500 (or \$23,000 if aged 50 years or older) in 2014 and \$18,000 (or \$24,000 if aged 50 years or older) in 2015. There were no employer matching contributions in 2014 and 2015.

Table of Contents**BEASLEY BROADCAST GROUP, INC.****CONSOLIDATED FINANCIAL STATEMENT SCHEDULE****VALUATION AND QUALIFYING ACCOUNTS**

Years ended December 31, 2014 and 2015

| <b>Column A Description</b>  | <b>Column B<br/>Balance at<br/>Beginning<br/>of Period</b> | <b>Column C<br/>Charged to<br/>Costs and<br/>Expenses</b> | <b>Column D<br/>Deductions</b> | <b>Column E<br/>Balance at<br/>End of<br/>Period</b> |
|--|--|---|--------------------------------|--|
| Year ended December 31, 2014:  |  |   |                                |  |
| Allowance for doubtful accounts<br>(deducted from accounts receivable) | 499,865  | 589,270   | 544,203                        | 544,932  |
| Valuation allowance for deferred tax assets                            | 634,108  |   | 3,333                          | 630,775  |
| Year ended December 31, 2015:  |  |   |                                |  |
| Allowance for doubtful accounts<br>(deducted from accounts receivable) | 544,932  | 695,246   | 643,798                        | 596,380  |
| Valuation allowance for deferred tax assets                            | 630,775  |   | 36,696                         | 594,079  |

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**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined by Exchange Act Rule 13a-15(e)). Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015, the end of the period covered by this report.

**Management's Report on Internal Control over Financial Reporting**

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of managements and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has used the framework set forth in the 2013 report entitled *Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations ( COSO ) of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of the end of the most recent fiscal year.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act that permits the Company to provide only management's report in this annual report.

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There has been no significant change in our internal control over financial reporting during the Company's fourth fiscal quarter of 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

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**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information relating to directors and executive officers required by this Item 10 is incorporated in this report by reference to the information set forth under the caption "Proposal No. 1: Election of Directors," "The Board of Directors and its Committees" and "Named Executive Officers" in our Definitive Proxy Statement for our 2016 Annual Meeting of Stockholders, which will be filed with the Commission no later than April 29, 2016 ("2016 Proxy Statement"). The information relating to certain filings on Forms 3, 4 and 5 is incorporated in this report by reference to the information set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in our 2016 Proxy Statement. The information relating to our Code of Business Conduct and Ethics is incorporated in this report by reference to the information set forth under the caption "Code of Business Conduct and Ethics" in our 2016 Proxy Statement.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated in this report by reference to the information set forth under the caption "Executive Compensation" in our 2016 Proxy Statement.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated in this report by reference to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in our 2016 Proxy Statement.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated in this report by reference to the information set forth under the caption "Certain Relationships and Related Transactions" in our 2016 Proxy Statement.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated in this report by reference to the information set forth under the caption "Relationship with Independent Registered Public Accountants" in our 2016 Proxy Statement.

**Table of Contents****PART IV****ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

- (a) Financial Statements. A list of financial statements and schedules included herein is set forth in the Index to Financial Statements appearing in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.
- (b) Exhibits.

| <b>Exhibit Number</b> | <b>Description</b>   |
|-----------------------|--|
| 3.1                   | Amended and restated certificate of incorporation of the Registrant. (1)   |
| 3.2                   | Third amended and restated bylaws of the Registrant. (2)   |
| 10.1                  | Credit agreement between Beasley Mezzanine Holdings, LLC and a syndicate of financial institutions, dated November 30, 2015. (3)     |
| 10.2                  | The 2000 Equity Plan of Beasley Broadcast Group, Inc. (4)  |
| 10.3                  | First amendment to the 2000 Equity Plan of Beasley Broadcast Group, Inc. (5)   |
| 10.4                  | The Beasley Broadcast Group, Inc. 2007 Equity Incentive Award Plan. (6)  |
| 10.5                  | Executive employment agreement by and between Beasley Mezzanine Holdings, LLC and George G. Beasley dated as of May 13, 2005. (7)    |
| 10.6                  | Executive employment agreement by and between Beasley Mezzanine Holdings, LLC and Bruce G. Beasley dated as of May 13, 2005. (8)     |
| 10.7                  | Executive employment agreement by and between Beasley Mezzanine Holdings, LLC and B. Caroline Beasley dated as of May 13, 2005. (9)  |
| 10.8                  | Executive employment agreement by and between Beasley Mezzanine Holdings, LLC and Brian E. Beasley dated as of May 13, 2005. (10)    |
| 10.9                  | Performance incentive plan of the Company. (11)  |
| 21.1                  | Subsidiaries of the Company. (12)  |
| 23.1                  | Consent of Crowe Horwath LLP.  |
| 31.1                  | Certification of Chief Executive Officer pursuant to Rule 15d-14(a) (17 CFR 240.15d-14(a)).  |
| 31.2                  | Certification of Vice President, Chief Financial Officer, Secretary and Treasurer pursuant to Rule 15d-14(a) (17 CFR 240.15d-14(a)). |
| 32.1                  | Certification of Chief Executive Officer pursuant to Rule 15d-14(b) (17 CFR 240.15d-14(b)) and 18 U.S.C. Section 1350.               |



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- 32.2 Certification of Vice President, Chief Financial Officer, Secretary and Treasurer pursuant to Rule 15d-14(b) (17 CFR 240.15d-14(b)) and 18 U.S.C. Section 1350.
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- 
- (1) Incorporated by reference to Exhibit 3.1 to Beasley Broadcast Group, Inc. s Current Report on Form 8-K dated May 23, 2012.
- (2) Incorporated by reference to Exhibit 3.1 to Beasley Broadcast Group, Inc. s Annual Report on Form 10-K for the year ended December 31, 2000 filed on February 13, 2001.
- (3) Incorporated by reference to Exhibit 10.1 to Beasley Broadcast Group, Inc. s Current Report on Form 8-K dated November 30, 2015.
- (4) Incorporated by reference to Exhibit 10.13 to Beasley Broadcast Group, Inc. s Registration Statement on Form S-1/A dated February 11, 2000. (File No. 333-91683).
- (5) Incorporated by reference to Exhibit 10.1 to Beasley Broadcast Group, Inc. s Registration Statement on Form S-8 dated May 27, 2004.

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- (6) Incorporated by reference to Appendix A to Beasley Broadcast Group, Inc. s Definitive Proxy Statement dated April 27, 2007.
- (7) Incorporated by reference to Exhibit 99.1 to Beasley Broadcast Group, Inc. s Current Report on Form 8-K dated May 19, 2005.
- (8) Incorporated by reference to Exhibit 99.2 to Beasley Broadcast Group, Inc. s Current Report on Form 8-K dated May 19, 2005.
- (9) Incorporated by reference to Exhibit 99.3 to Beasley Broadcast Group, Inc. s Current Report on Form 8-K dated May 19, 2005.
- (10) Incorporated by reference to Exhibit 99.4 to Beasley Broadcast Group, Inc. s Current Report on Form 8-K dated May 19, 2005
- (11) Incorporated by reference to Appendix A to Beasley Broadcast Group, Inc. s Definitive Proxy Statement dated April 11, 2012.
- (12) Incorporated by reference to Exhibit 21.1 to Beasley Broadcast Group, Inc. s Annual Report on Form 10-K for the year ended December 31, 2014 filed on March 18, 2015.

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**BEASLEY BROADCAST GROUP, INC.**

**By:** /s/ GEORGE G. BEASLEY  
**George G. Beasley**

Chief Executive Officer

**Date:** February 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <b>Signature</b>                                  | <b>Title</b>  | <b>Date</b>          |
|---|---|----------------------|
| /s/ GEORGE G. BEASLEY<br><b>George G. Beasley</b> | Chairman of the Board and Chief Executive Officer<br>(principal executive officer)  | February 26,<br>2016 |
| /s/ ALLEN B. SHAW<br><b>Allen B. Shaw</b>         | Vice-Chairman of the Board  | February 26,<br>2016 |
| /s/ BRUCE G. BEASLEY<br><b>Bruce G. Beasley</b>   | President, Chief Operating Officer and Director   | February 26,<br>2016 |
| /s/ CAROLINE BEASLEY<br><b>Caroline Beasley</b>   | Vice President, Chief Financial Officer, Secretary,<br>Treasurer and Director (principal financial and<br>accounting officer) | February 26,<br>2016 |
| /s/ BRIAN E. BEASLEY<br><b>Brian E. Beasley</b>   | Vice President of Operations and Director   | February 26,<br>2016 |
| /s/ JOE B. COX<br><b>Joe B. Cox</b>               | Director  | February 26,<br>2016 |
| /s/ MARK S. FOWLER                                | Director  | February 26,<br>2016 |

**Mark S. Fowler**

/s/ HERBERT W. McCORD

Director

February 26,  
2016

**Herbert W. McCord**