

SALEM COMMUNICATIONS CORP /DE/
Form 10-Q/A
July 24, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q/A
Amendment No. 2

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 000-26497

SALEM COMMUNICATIONS CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER
JURISDICTION OF
INCORPORATION OR
ORGANIZATION)

77-0121400
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

4880 SANTA ROSA ROAD
CAMARILLO, CALIFORNIA
(ADDRESS OF PRINCIPAL
EXECUTIVE OFFICES)

93012
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 987-0400

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Class A	Outstanding at May 2, 2007
Common Stock, \$0.01 par value per share	18,296,324 shares

Class B	Outstanding at May 2, 2007
Common Stock, \$0.01 par value per share	5,553,696 shares

Explanatory Note

This Form 10-Q/A amends and restates the Form 10-Q/A filed by Salem Communications Corporations on May 15, 2007 which did not include the certifications required by Section 302 and Section 906 of the Sarbanes-Oxley Act and the signatures as required by the Form 10-Q.

PART I - FINANCIAL INFORMATION

SALEM COMMUNICATIONS CORPORATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

SALEM COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)

	December 31, 2006 (Note 1)	March 31, 2007 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 710	\$ 598
Accounts receivable (net of allowance for doubtful accounts of \$7,606 in 2006 and \$7,318 in 2007)	31,984	30,214
Other receivables	551	507
Prepaid expenses	2,330	2,406
Income tax receivable	—	30
Deferred income taxes	5,020	4,943
Total current assets	40,595	38,698
Property, plant and equipment (net of accumulated depreciation of \$74,766 in 2006 and \$76,458 in 2007)	128,713	129,620
Broadcast licenses	476,544	473,571
Goodwill	20,606	20,606
Other indefinite-lived intangible assets	2,892	2,892
Amortizable intangible assets (net of accumulated amortization of \$10,846 in 2006 and \$11,657 in 2007)	8,368	7,878
Bond issue costs	593	556
Bank loan fees	2,996	2,741
Fair value of interest rate swap agreements	1,290	913
Other assets	3,667	3,770
Total assets	\$ 686,264	\$ 681,245
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 3,421	\$ 2,504
Accrued expenses	6,446	5,577
Accrued compensation and related expenses	7,033	7,935
Accrued interest	4,275	5,866
Deferred revenue	4,050	4,610
Current portion of long-term debt and capital lease obligations	2,048	2,431
Income tax payable	22	—
Total current liabilities	27,295	28,923
Long-term debt and capital lease obligations, less current portion	358,978	346,821
Deferred income taxes	53,935	58,114
Deferred revenue	7,063	7,123
Other liabilities	1,277	1,146
Total liabilities	448,548	442,127
Commitments and contingencies		
Stockholders' equity		
Class A common stock, \$0.01 par value; authorized 80,000,000 shares; 20,424,242 issued and 18,293,824 outstanding at December 31, 2006 and 20,426,742 issued and 18,296,324 outstanding at March 31, 2007	204	204
	56	56

Class B common stock, \$0.01 par value; authorized 20,000,000 shares; 5,553,696 issued and outstanding shares at December 31, 2006 and March 31, 2007		
Additional paid-in capital	221,466	222,251
Retained earnings	47,433	48,338
Treasury stock, at cost (2,130,418 shares at December 31, 2006 and March 31, 2007)	(32,218)	(32,218)
Accumulated other comprehensive income	775	487
Total stockholders' equity	237,716	239,118
Total liabilities and stockholders' equity	\$ 686,264	\$ 681,245

See accompanying notes

SALEM COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2006	2007
Net broadcasting revenue	\$ 48,774	\$ 50,440
Non-broadcast revenue	3,252	5,654
Total revenue	52,026	56,094
Operating expenses:		
Broadcasting operating expenses, exclusive of depreciation and amortization shown below (including \$277 and \$310 for the quarter ended March 31, 2006 and 2007, respectively, paid to related parties)	31,694	32,483
Non-broadcast operating expenses, exclusive of depreciation and amortization shown below	3,432	5,271
Corporate expenses, exclusive of depreciation and amortization shown below (including \$99 and \$70 for the quarter ended March 31, 2006 and 2007, respectively, paid to related parties)	6,440	5,814
Depreciation (including \$87 and \$139 for the quarter ended March 31, 2006 and 2007, respectively, for non-broadcast businesses)	2,745	3,091
Amortization (including \$317 and \$738 for the quarter ended March 31, 2006 and 2007, respectively, for non-broadcast businesses)	550	810
Gain on disposal of assets	(3,529)	(3,269)
Total operating expenses	41,332	44,200
Operating income from continuing operations	10,694	11,894
Other income (expense):		
Interest income	46	60
Interest expense	(6,588)	(6,454)
Other expense, net	(172)	(35)
Income from continuing operations before income taxes	3,980	