NBG RADIO NETWORK INC
Form 10KSB/A
June 01, 2001

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-KSB/A-1 (Amendment No. 1)
Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Fiscal Year Ended November 30, 2000   Commission File Number: 0-24075

NBG RADIO NETWORK, INC.
(Name of small business issuer in its charter)

Nevada	88-0362102
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

520 SW Sixth Avenue, Suite 750 Portland, Oregon	97204
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: (503) 802-4624

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value $.001 per share
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [X]   No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-KSB. [ ]

The issuer's revenues for its most recent fiscal year were $11,785,831.

Based on the closing sales price of the Common Stock on March 12, 2001, the aggregate market value of the voting stock of registrant held by non-affiliates was $22,008,990.

The registrant has one class of Common Stock with 13,526,751 shares outstanding as of March 12, 2001.

Documents Incorporated By Reference: None

Transitional Small Business Issuer Disclosure Format (check one): Yes [ ] No [X].

NBG RADIO NETWORK, INC.
TABLE OF CONTENTS

PART I

Item 1. Description of Business

General

Nostalgia Broadcasting Corporation was incorporated in March 1996 under the laws of the State of Nevada. In January 1998, Nostalgia Broadcasting Corporation changed its name to NBG Radio Network, Inc. (the "Company"). The Company's principal executive offices are located at 520 SW 6th, Suite 750, Portland, OR 97204, and its telephone number is (503) 802-4624.

The Company creates, produces, distributes and is a sales representative for national radio programs and offers other miscellaneous services to the radio industry. The Company offers radio programs to the industry in exchange for commercial broadcast time, which the Company sells to national advertisers. The Company has grown from two programs and 150 radio station affiliates at its inception in 1996 to currently offering 40 programs to over 2,500 radio station affiliates. The group of radio stations who contract with the Company to broadcast a particular program constitutes a radio network. The Company derives a significant part of its revenue from selling the commercial broadcast time on its radio networks to advertisers desiring national coverage. The Company also derives a portion of its revenues from its sales representation division. The sales representation division operates as a sales staff for other nationally syndicated program producers who do not wish to sell their own product. The sales representation division generates its revenues by selling network advertising time for third party program producers and retaining a sales commission on gross revenue.

The Company currently produces 40 network programs targeting the most popular radio formats, including Adult Contemporary, Album Oriented Rock, Contemporary Hit Radio, Country, News/Talk, and Oldies. The Company produces both short form and long form programs. Short form features, such as COUNTRY MUSIC MINUTE and TEEIN' IT UP WITH PETER JACOBSEN, are daily two to three minute vignettes. Long form programs, such as BIGG SNOOP DOGG RADIO and ULTIMATE 80'S, are programs that range from one to four hours in length. The Company offers these programs to radio stations free of charge. The radio stations airing these programs become networks for the Company to sell advertising time. The Company sells the commercial broadcast time inside of these networks to advertisers desiring national coverage.

The Company intends to aggressively expand its operations over the next twelve months. Beginning with radio syndication, the Company's number one goal is to enhance the value of its current network. In order to do this, the Company will increase its marketing efforts to radio stations across the United States. The marketing efforts will focus primarily on the top 50 media markets. By increasing its network presence in the top 50 media markets, the Company will be able to charge a higher spot rate for its advertising time. The spot rate is the price a national advertiser pays per commercial aired on the Company's network. The Company currently has a network of over 2,500 radio station affiliates and with over 10,000 radio stations in the United States the Company anticipates significantly expanding its network. However, there can be no assurance that the Company will be able to expand its operations.

Another integral part of expanding the Company's network over the next twelve months will be the addition of new programming. Radio stations rely on network radio programming and distributors, such as the Company, to provide national quality programming and other services to enhance their existing

programming and ratings. Limited financial and creative resources, among other matters, typically prevent most radio stations from producing their own national quality programming. The Company intends to focus its programming growth with long form programs. The Company has developed a niche in short form programming and, by developing more long form programming, this will provide the Company with more broadcast commercial inventory to sell on its network. A typical short form program will have 2 to 4 commercials available for sale while a typical long form program has 8 to 48 commercials available for sale. The Company intends to offer additional programming over the next twelve months through internal development as well as the acquisition of businesses or assets that complement the Company's operations.

The creation of a radio network allows the Company to sell the acquired commercial broadcast inventory to advertisers desiring national coverage. Rates for the sale of network advertising are established on the basis of audience delivery or ratings and the demographic composition of the listening audience. Thus, if the Company expands its network, as previously discussed, it will be able to charge more for broadcast commercial time on the network. In addition to being able to charge more for its advertising time, by expanding its programming there will also be more commercial broadcast inventory available for sale by the Company.

The Company sells commercial broadcast time by guaranteeing certain ratings and demographics. There can be no assurance that the guarantee will be achieved. If the radio network on which the commercial broadcast time is sold does not achieve the guarantee, the Company may be obligated to offer the advertiser additional advertising time on the same radio network or on an alternate radio network. These "make goods" or "bonus spots" are the predominant means whereby the Company satisfies such obligations to advertisers.

Alternatively, the Company could be obligated to refund or credit a portion of the advertising revenue derived from such sales. Historically the Company has not had to refund any cash received as revenues.

According to the National Association of Broadcasters (NAB) there are approximately 10,000 commercial radio stations in the United States. The Company currently has broadcast commercial time on over 2,500 of these radio stations. Radio is one of the most cost effective forms of advertising given its wide reach and low cost in comparison to print and television media. Radio advertising is attractive to advertisers for a variety of reasons: short lead time between commercial production and broadcast time, low cost of commercial production, and, most importantly, the fact that most radio listening occurs away from home, closer to the point of purchase.

Radio stations attempt to develop formats, such as news/talk, music, or other types of entertainment programming, in order to appeal to a target listening audience that will attract local, regional, and national advertisers to their station. However, due to consolidation in the industry, most radio stations do not have the creative and financial resources to produce nationally accepted programming. As a result, radio stations look to syndicators, such as the Company, to enhance their existing local programming. As a national network the Company licenses radio stations to air its programs in exchange for commercial broadcast time on the station. The Company then resells the advertising time to advertisers requiring national coverage. The commercial broadcast time may vary from market to market within a specified time period depending on the requirements of the particular radio station. The advertising rates are based upon audience ratings for the specific demographic the advertiser is trying to reach. These ratings are determined by Arbitron Research Company which periodically measures the percentage of the radio audience in a market area listening to a specific radio station during a specific time period.

2

The Company's wholly-owned subsidiary, NBG Solutions, Inc. ("NBG Solutions"), offers flexible and customizable kiosk platform solutions to a broad range of customers. Directly and throughout a network of strategic partnerships, NBG Solutions, Inc. offers customers a single master arrangement to design, program, integrate, and service installed kiosks. A Kiosk, on a stand alone or connected basis (through the Internet or phone lines), allows sponsors and advertisers to cost effectively distribute timely information and can facilitate direct interaction with consumers including E-commerce through credit or smart cards. In addition, NBG Solutions is evaluating and developing ancillary technological marketing services to complement and support radio entertainment clients. These services include a "Preferred Listener" consumer data tracking system and certain developing web-based systems including custom site hosting/development and audio streaming.

New Products

HOLLYWOOD HAMILTON'S WEEKEND TOP 30

Hollywood Hamilton's Weekend Top 30 is not your regular cliche countdown show. Hollywood uses his trademark style to provide a fast-paced, edgy program counting down the TOP 30 RHYTHMIC hits of the week. The TOP 30 list of hits is derived from combined affiliate stations total spins, along with national CD single sales. The program is unusually affiliate friendly and totally RE-INVENTED, as Hollywood is credited for introducing the concept of "affiliate interaction" during the show. He involves local stations by featuring backstage interviews with top artists, and has the local air personalities conduct them. The show's impressive guest list has evolved into the "Letterman & Leno" of radio, becoming a `must stop' for all major labels and their artists. Recent interviews include: Nelly, Janet Jackson, N'Sync, Madonna, Destiny's Child, K-Ci & Jo Jo, Mya and Britney Spears. Chart-topping hits, backstage interviews, and a solid superstar guest list help make Hollywood Hamilton's Weekend Top 30 the most entertaining 3-hour airshift in the format!

BIGG SNOOP DOGG RADIO

Bigg Snoop Dogg Radio is a national weekly four-hour radio show hosted by Core Hip Hop star Snoop Dogg. Airing on some of America's top stations, including KKBT/Los Angeles, WLLD/Tampa-Clearwater, KBMB/Sacramento and KXJM/Portland, the show features Snoop's favorite R&B and Hip Hop old-school cuts as well as hits from some of today's rising stars. Listeners hear world premiere releases of Snoop Dogg's own material along with world debuts from artists currently signed on his record label, Dogghouse Records. In its first official ratings book, Snoop took his affiliates ratings up as much as 3 points in some markets, with a 1.2 share increase in Los Angeles.

ULTIMATE 80S

Ultimate 80s is a weekly three-hour show featuring the music and lifestyle of one very memorable decade. Ultimate 80s fits several formats, including Hot AC, AC, CHR, Top 40 and the fastest growing format in radio, the new 80s and More format. The music heard on the show has been and continues to be extensively researched to accommodate for changing music trends. Special features include 80s trivia,

3

`Where are they now?', current interviews with artists, flashback interviews with 80s artists, and much more. Major market talent, writers and producers combine to make Ultimate 80s the most exciting 80s program on the radio. Ultimate 80s host is Rick Stacy, who has spent his career programming and hosting on stations in major markets like Atlanta and Los Angeles. Currently, Rick is co-host on the very successful morning show on KQKS in Denver.

THE TOUR BUS

Every Saturday Night, The Tour Bus brings listeners 5 hours of the most demanded music in the Rock World. Launched in January 1999 on WNNJ in New Jersey, the show exploded onto the scene, selling out its inventory, shooting to #1 with a bullet in its timeslot and tripling its audience in just 3 months. Since The Tour Bus moved to a larger station in WDHA 105.5 FM, the #1 rock station in New Jersey, and the fans have followed. Today, The Tour Bus maintains its #1 slot at WDHA and even pulls strong numbers in nearby New York City, the largest radio market in the world. The Tour Bus is hosted and produced by music industry experts who have used their extensive contacts to showcase some of the biggest names of the era. Past live guests include Queensyrche, Ratt, Warrant, Great White, Cinderella, Skid Row's Sebastian Bach, Steve Vai, Tommy Lee and many more. Additionally, every element of The Tour Bus is unique and original to The Tour Bus.

THE COMPLETE SHEET

Arguably the most preferred prep service for live radio personalities today. Originally a service delivered in exchange for cash, NBG has converted a bulk of their The Complete Sheet's affiliate base over to barter terms versus cash. The audience broke the 1 million barrier quickly after starting this conversion process and is still growing faster than a speeding bullet.

HONKY TONK SUNDAYS

Honky Tonk Sundays is Country Radio's longest running and most programmed "Sunday Show". It consistently delivers top quality artists, a variety of hit music, and an entertaining, slightly wacky host. Ichabod Caine is the talented host of the program. As a matter of fact, Ichabod is up for Major Market Country Personality of The Year at this year's Country Radio Seminar Station Awards. Ichabod hails from KMPS-FM in Seattle and Honky Tonk Sundays is the #1 commercial radio program on the air Sunday Mornings in Seattle and delivers similar results all across the country in markets as big as Los Angeles on KFRG-FM.

Competition

Competition for radio advertising is very intense. The industry is made up of a variety of competitive forces, including: (1) ownership groups, which own blocks of radio stations across the industry; (2) syndicators, like the Company, that offer programming and marketing services to radio stations; and, (3) independent producers and distributors that offer programs or services to radio stations. Several of the Company's syndicating competitors also are associated with major radio station group owners. In addition, many of these competitors have recognized brand names and will pay compensation to radio

stations to broadcast their network commercials. The Company's largest competitors that are associated with an ownership group are AM/FM Radio Networks, Premiere Radio Networks, CBS Radio Networks, and ABC Radio. The Company estimates that these competitors account for about 80% of the network advertising revenues. The Company is a leader of the syndication companies not associated with an ownership group. The principal competitive factors in the radio industry are the quality and creativity of programming and the ability to provide advertisers with a cost-effective method of reaching the target demographic. In this respect, the Company has positioned itself by adding top entertainment and sports stars like Snoop Dogg, Dr. Don, The Complete Sheet, Peter Jacobsen, and Steve Jones to its lineup of program hosts. The Company's principal operating strategy is to continue to provide high quality programming in the most popular formats. The Company has developed and expanded its network through internal operations and will look to continue this in the future as well as acquire assets and businesses that complement the Company's operations.

Government Regulation

Radio broadcasting and station ownership are regulated by the Federal Communication Commission (FCC). The Company, as a producer and distributor of radio programs, is generally not subject to regulation by the FCC. The FCC regulates the radio stations that air the Company's programs. The radio station affiliates are ultimately responsible for what material is broadcast on their airwaves.

Significant Customers

The Company's customers are located throughout the United States. Each of three customers represented 10% or more of the Company's revenue during 2000. Horizon Communications accounted for $1.6 million, or 13.8% of the Company's revenues, Dial Communications accounted for $4.3 million, or 36.2% of the Company's revenues, and, Ogilvy & Mather accounted for $3.9 million, or 33.0% of the Company's revenues. While these customers represent a significant portion of the Company's revenues, they account for hundreds of different products that are advertised on the Company's network. A loss of any one of these products would not materially affect the Company; however, a loss of one of these customers could have a material adverse effect on the financial condition and the results of operations of the Company.

Employees

As of March 12, 2001, the Company had 35 full time and 36 total employees. In addition, the Company maintains continuing relationships with over 40 independent hosts, writers, and producers. The Company is not party to any collective bargaining agreements. The Company believes its relationship with its employees and independent contractors is good.

Item 2. Description of Property

The Company leases approximately 6,500 square feet of office space in Portland, Oregon in which its corporate headquarters, programming and subsidiaries are located. The lease expires on March 31, 2003 and the annual base rent is approximately $88,000. The Company also has a small sales office in New York and Los Angeles.

5

The Company anticipates that it may require expansion of its current facilities in the coming year. As a result, the Company has obtained an option to lease an additional 3,000 square feet of space in its current building.

Item 3. Legal Proceedings

From time to time, the Company may be party to various legal actions and complaints arising in the ordinary course of business. On January 27, 2000, a lawsuit was commenced in the state of Oregon (Multnomah County Circuit Court) by IBTEX, A.G., a Liberian Corporation, against Terry L. Neal, Graham H. Norris, Donovan C. Snyder and the Company alleging unlawful sale of a franchise and securities and fraud relating to certain settlement and license agreements between IBTEX, A.G. and ITEX Corporation in the amount of $2,000,000 and alleging the Company breached an oral contract to perform under a settlement agreement in the amount of $800,000. After the Company moved against the complaint, the court dismissed the lawsuit; however, on November 14, 2000, IBTEX, A.G. filed an amended complaint in the same court alleging essentially the same claims against the same parties as the January 27, 2000, complaint.

The Company believes that the action is without merit and that it has substantial defenses to the claims. The Company intends to vigorously defend the lawsuit.

Item 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter of 2000, no matters were submitted to a vote of security holders.

6

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company's Common Stock has been quoted on the OTC Bulletin Board since January 23, 1998. Prior to that there was no market for the Common Stock. The following table sets forth the range of high and low bid prices of the Company's Common Stock for the quarters indicated through the fourth quarter of 2000:

Calendar Year	High Bid	Low Bid
1999:		
First quarter	4	1 5/16
Second quarter	3	1 3/4
Third quarter	3 5/8	1 5/8
Fourth quarter	3	1 3/8
2000:		
First quarter	3 7/32	1 3/8
Second quarter	2 1/2	1 3/16
Third quarter	2 7/16	1 7/16
Fourth quarter	2 5/16	1 1/8

The quotations reflect inter-dealer prices, without retail markups, markdowns, or commissions and do not necessarily represent actual transactions. The quotations were derived from the National Quotation Bureau OTC Market Report. The Company estimates that as of March 12, 2001 there were approximately 1,300 holders of record of the Common Stock.

Dividends

The Company has never declared or paid a cash dividend on its common stock. The Company currently intends to retain all earnings to finance growth of the Company's business and does not anticipate paying any cash dividends on its common stock in the foreseeable future. There are no restrictions on dividend payments other than restrictions imposed by applicable laws.

Unregistered Securities

Date of Grant	Title and Amount of Securities Granted/Exercise Price if Applicable	Name of Principal Underwriter/ Underwriting Discounts or Commissions	Name or Class of Person who Received Securities
January 1998	600,000/Options to purchase Common Stock for $.60 per share(1)	None/None	Employees and board member
January 1998	60,750/Common Stock	None/None	Shares issued for hosting and producing services
January 1998	65,000/Common Stock	None/None	Shares issued for printing services
January 1998	3,000/Common Stock	None/None	Shares issued for consulting services
January 1998	9,000/Common Stock	None/None	Shares issued for investor relation services
January 1998	20,260/Common Stock	None/None	Shares issued in exchange for outstanding notes
January 1998	199,960/Common Stock	None/None	Shares issued in exchange for outstanding notes
June 1998	520,000/Options to purchase Common Stock for $1.63 per share(1)	None/None	Employees and board member

June 1998	34,000/Common Stock	None/None	Shares issued for hosting and writing services
July 1998	250,000/Common Stock	None/None	Private Placement
July 1998	500,000/Common Stock	None/None	Private Placement
July 1998	48,000/Common Stock	None/None	Shares issued for printing services
July 1998	12,700/Common Stock	None/None	Shares issued for hosting and producing services
July 1998	584,230/Common Stock	None/None	Warrants exercised
July 1998	6,993,800/Common Stock	None/None	Shareholders
January 1999	350,000/Options to purchase Common Stock for $3.10 per share(1)	None/None	Employees and board member
January 1999	350,000/Common Stock	None/None	Shareholders of Mtek Technical Services, Inc.
January 1999	30,000/Common Stock	None/None	Options exercised
June 1999	10,100/Common Stock	None/None	Options exercised
July 1999	12,000/Common Stock	None/None	Options exercised
July 1999	1,267,493/Common Stock	None/None	Warrants exercised
September 1999	621,500/Options to purchase Common Stock	None/None	Employees and board member

8

	for $2.00 per share(1)		

* Value of consideration estimated.

(1) The options vest and become exercisable in accordance with the Company's 1998 Stock Incentive Plan.

(2) Options granted do not reflect the three for one stock split effective July 31, 1998. The above unregistered securities were sold or granted in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended ("Act") under Section 4(2) of the Act and/or Regulation D promulgated under the Act.

Item 6. Management's Discussion and Analysis or Plan of Operation

Forward Looking Statements

The information set forth below relating to matters that are not historical facts are "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and involve risks and uncertainties which could cause actual results to differ materially from those contained in such forward looking statements. Such risks and uncertainties include, but are not limited to, the following:

- A decline in national and regional advertising
- Preference by customers for other forms of advertising such as newspapers and magazines, outdoor advertising, network radio advertising, yellow page directories and point-of-sale advertising
- Loss of executive management personnel
- Ability to maintain and establish new relations with radio stations to place its programs
- Ability to predict public taste with respect to entertainment programs

Years Ended November 30, 2000 and 1999

The following discussion should be read in conjunction with the audited financial statements for the years ended November 30, 2000 and 1999 and the related notes thereto.

REVENUES. Total revenues for 2000 were $11.79 million compared to revenues of $3.62 million for 1999, representing an increase of $8.17 million, or 226%. This increase was principally due to the Company's acquisition of programming as well as sales representation contracts over the past year. The sales representation contracts enable the Company to sell advertising time on behalf of another program and keep a sales commission as a fee for this service. The Company also shifted its programming focus to long form programming to complement its current list of short form programs. Long form programming offers the Company significantly more commercial broadcast inventory available for sale. In addition, the Company has been able to charge higher spot rates for its commercial broadcast time due to the continued growth in the number and quality of the stations airing the Company's programs.

DIRECT COSTS. Direct costs for 2000 and 1999 were $6.75 million and $2.05 million, respectively, representing an increase of $4.70 million, or 229%. The increase in direst costs in absolute dollars is partially due to a reclassification of certain items from amortization to direct costs. The 1999 figures for direct costs and amortization have been adjusted to maintain consistency. The increase in direct costs is primarily due to the increased production costs of long form programs as compared to short form programs. Long form programs are more expensive to produce due to the increased cost of delivering the program via satellite and the extra telephone charges incurred for caller driven programs. Short form programs are distributed on CD via the mail, a much less expensive form of distribution. The Company also increased the number of affiliate stations that it delivers programs to and increased the number of programs in production. The Company intends to continue increasing the number of affiliate stations and expanding the number of programs in production. Finally, the Company's wholly-owned subsidiary NBG Solutions, Inc. increased its production and integration of automated Kiosks in order to satisfy customer demand. As a percentage of revenues, direct costs were 57.3% and 56.7% for 2000 and 1999, respectively, representing an increase of 0.6%. As previously discussed, the cost of producing long form programs has led to an increase in the Company's direct costs. However, by eliminating programs that have been less profitable the Company was able to maintain virtually the same percentage of direct costs compared to revenues.

GROSS MARGIN. Gross margin for 2000 was $5.04 million, an increase of $3.47 million, or 222%, over 1999 (after adjusting for the reclassification of certain items from amortization to direct costs in both 1999 and 2000). The increased operating income was principally due to increased advertising revenues resulting from the growth of the Company's current radio network, the Company focus on long form programs, and the acquisition of sales representation contracts from independent program suppliers. The Company's business plan focuses on long form programs, which generate more revenue than short form programs but are also more costly to produce. In order to achieve its mission, the Company eliminated less profitable programs and was able to maintain its gross margin percentage from year to year even though long form programs are more expensive to produce. Gross margin as a percentage of revenue in 2000 was 42.7% and was 43.3% in 1999.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expense in 2000 was $4.22 million, representing an increase of $1.36 million, or 47.6% over 1999 (after adjusting for the reclassification of certain items from amortization to direct costs in both 1999 and 2000). By comparison, total revenues increased 226% for the same period. A portion of the increase in general and administrative expense resulted from a $0.84 million increase in wages and employee benefits in 2000 due to the larger staff needed to support the growth of the Company. As a percentage of total revenues, wages and employee benefits were 17.8% for 2000 and 33.4% for 1999. The Company is succeeding in its efforts to control expenses in this growth stage.

The increase in general and administrative expense is also partially attributable to a $0.25 million increase in professional and consulting fees in 2000 as a result of being a public reporting company. The Company increased its investor relations presence and increased its shareholder base, which led to an increase in legal and accounting fees.

General and administrative expenses as compared to revenues were 35.8% for the twelve months ended November 30, 2000 and 79.1% for the same period in 1999. This reflects the Company's success at increasing revenue while controlling costs in this growth stage.

10

INCOME TAXES. Due to loss carry-forwards, there was no provision for income taxes in 2000. Provision for income taxes for 1999 was not significant. As of November 30, 2000 the Company has $401,000 to offset future income tax liability.

NET INCOME AND (LOSS) PER SHARE. Net income for 2000 was $826,000 or $.06 per diluted share as compared to a net loss for 1999 of $1.26 million or $(.11) per share (diluted). Net income for 2000 was primarily due to the following factors: (1) increased advertising rates from the growth and development of the Company's radio network; (2) increased revenue from the development and acquisition of more long form programs; (3) the acquisition of sales representation contracts for independent program suppliers; and (4) the Company's success at controlling costs as a percentage of revenue during this growth stage. The net loss for 1999 was principally due to reduced revenues as the Company transitioned from barter transactions to predominantly cash clients.

Earnings per share, which includes the dilutive effects of options and warrants to purchase common stock, were based upon 14,617,459 and 11,446,483 weighted average shares outstanding on November 30, 2000 and 1999, respectively. The Company declared a 3-for-1 stock split in June of 1998 payable to all shareholders of record as of July 31, 1998.

Adjustments to previously issued quarterly reports on form 10Q-SB

As a result of the audit of the Company's consolidated financial statements as of November 30, 2000 and the year then ended, certain adjustments were identified which effect the amounts reported in previous Form 10Q-SB's filed by the Company during 2000. The adjustments principally involve the manner and timing in which the Company recognized and recorded expenses related to sales representation agreements which are reflected as direct costs in the consolidated income statements. Net income as previously reported, adjusted amounts, and restated net income are summarized in the following schedule:

	For the Three Months Ended		
	February 28,	May 31,	Augu
	2000	2000	
Net income as previously reported	$ 189,785	$ 1,038,527	$
Adjustment required	(161,238)	(263,746)	
Net income as restated	$ 28,547	$ 774,781	$
Basic EPS, as reported	$ 0.02	$ 0.09	$
Basic EPS, restated	$ -	$ 0.06	$
Diluted EPS	$ -	$ 0.05	$

Liquidity and Capital Resources

Historically, the Company has financed its liquidity requirements through cash flows generated from operations and financing activities. The Company's working capital at November 30, 2000 was $4.43

million compared to $3.00 million at November 30, 1999. The increase in working capital was primarily due to an increase in accounts receivable in connection with the growth in total revenues of the Company.

In June 1998 the Company completed a private placement for 750,000 units of common stock at $0.67 per unit (after giving effect to the 3-for-1 stock split declared in June of 1998, payable to all shareholders of record as of July 31, 1998). Each unit consisted of one share of common stock and one warrant to purchase one additional share of Common Stock, exercisable immediately. The warrants were exercisable for $0.75 from June 1998 to January 31, 2000. The warrants then become exercisable for $0.83 after February 1, 2000 and expire on July 31, 2001. The Company received proceeds of $500,000 from the private placement.

In July 1998 the Company completed a second private placement of 1,500,000 units at $1.00 per unit (after giving effect to the 3-for-1 stock split declared in June of 1998, payable to all shareholders of record as of July 31, 1998). Each unit consisted of one share of Common Stock and one warrant to purchase one share of Common Stock, exercisable immediately. The warrants were exercisable at $1.17 and expired on July 31, 1999. The Company received proceeds of $1,500,000 from the private placement.

The Company has no long-term debt. Currently the Company has a line of credit of up to $500,000 from Western Bank, which is secured by accounts receivable, inventory, equipment, chattel paper and intangibles. The line of credit is to be paid back on July 31, 2001 at an interest rate of prime plus one-half percent. As of November 30, 2000 the Company had advances of $400,000 on the line of credit.

Management believes that its available cash together with operating revenues will be sufficient to fund the Company's working capital requirements through November 30, 2001. The Company's management further believes it has sufficient liquidity to implement its expansion and acquisition strategies.

Item 7. Financial statements

NBG RADIO NETWORK, INC.

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2000 AND 1999

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
NBG Radio Network, Inc.

We have audited the accompanying consolidated balance sheets of NBG Radio Network, Inc. and Subsidiaries as of November 30, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ Moss Adams LLP
Portland, Oregon
March 14, 2001

NBG RADIO NETWORK, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	November 30, 2000	November 30, 1999
CURRENT ASSETS		
Cash and cash equivalents	$ 854,623	$ 892,092
Marketable equity securities, at fair value	-	468,750
Receivables:		
Accounts receivable, net of allowance for doubtful accounts of $60,000 and $1,200 in 2000 and 1999, respectively	3,913,699	2,121,207
Unbilled receivables	195,739	-
Note receivable	167,200	-
Related-party receivables	82,242	47,462
Barter exchange receivables	81,881	148,136
Sales representation contract agreements, net of accumulated amortization	3,190,003	1,155,689
Prepaid expenses and other current assets	127,558	30,278
Total current assets	8,612,945	4,863,614
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization	188,896	202,713
INTANGIBLE ASSETS, net of amortization	1,253,930	1,634,897
TOTAL ASSETS	$ 10,055,771	$ 6,701,224

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY

	November 30, 2000	November 30, 1999
CURRENT LIABILITIES		
Line of credit	$ 400,000	$ -
Accounts payable	581,130	179,650
Accrued liabilities	163,912	31,615
Deferred programming revenue	-	500,000
Sales representation agreement liabilities	3,039,727	1,155,689
Total current liabilities	4,184,769	1,866,954
COMMITMENTS AND CONTINGENCIES (Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.001 par value; 5,000,000 shares authorized and unissued		
Common stock, $.001 par value; 50,000,000 shares authorized; 12,321,831 and 12,160,293 shares issued and outstanding at November 30, 2000 and 1999, respectively	12,322	12,160
Additional paid-in capital	6,795,719	6,708,411
Retained deficit	(922,926)	(1,749,038)
Stock subscription receivable	(14,113)	(106,013)
Accumulated other comprehensive income, net of tax	-	(31,250)
Total stockholders' equity	5,871,002	4,834,270
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 10,055,771	$ 6,701,224

See accompanying notes.

NBG RADIO NETWORK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended November 30, 2000	1999
REVENUES	$11,785,831	$ 3,616,026
DIRECT COSTS	6,749,179	2,049,621
Gross margin	5,036,652	1,566,405
GENERAL AND ADMINISTRATIVE EXPENSES		
Wages and employee benefits	2,069,018	1,215,402
Consulting and professional	563,991	310,902
Depreciation and amortization	434,293	373,124
Travel and entertainment	237,954	196,729
Bad debt expense	180,774	90,134
Postage and printing	159,633	185,981
Rent	130,189	99,804
Telephone	106,754	50,946
Advertising	83,156	130,555
Office supplies	65,521	80,785
Other expenses	189,118	125,179
Total general and administrative expenses	4,220,401	2,859,541
Operating profit (loss)	816,251	(1,293,136)
OTHER INCOME (EXPENSE)		
Interest income	17,722	24,137
Interest expense	(7,861)	(5,065)
Total other income (expense)	9,861	19,072
INCOME (LOSS) BEFORE INCOME TAXES	826,112	(1,274,064)
INCOME TAX BENEFIT	-	9,789

See accompanying notes.

NBG RADIO NETWORK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended November 30, 2000	1999
NET INCOME (LOSS)	$ 826,112	$ (1,264,275)
OTHER COMPREHENSIVE INCOME:		
Unrealized gains (losses) on marketable equity securities, net of income tax	31,250	(31,250)
Comprehensive income (loss)	$ 857,362	$ (1,295,525)
Basic income (loss) per share of common stock	$ 0.07	$ (0.11)
Diluted income (loss) per share of common stock	$ 0.06	$ (0.11)
Weighted average number of shares outstanding, basic	12,230,665	11,446,483
Weighted average number of shares outstanding, diluted	14,617,459	11,446,483

See accompanying notes.

NBG RADIO NETWORK, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-In Capital	Retained Deficit	Stock Subscription Receivable
	Shares	Amount			
BALANCE, November 30, 1998	10,490,700	$ 10,490	$3,930,211	$ (484,763)	$ (180,757)
Issuance of common shares for business acquisition	350,000	350	1,266,650	-	-

Exercise of options and warrants	1,319,593	1,320	1,511,550	-	-
Services provided for payment of subscribed shares	-	-	-	-	74,744
Net loss for the year	-	-	-	(1,264,275)	-
Change in unrealized loss on marketable securities	-	-	-	-	-
BALANCE, November 30, 1999	12,160,293	12,160	6,708,411	(1,749,038)	(106,013)
Exercise of options	161,538	162	87,308	-	-
Services provided for payment of subscribed shares	-	-	-	-	91,900
Net income for the year	-	-	-	826,112	-
Change in unrealized loss on marketable securities	-	-	-	-	-
Balance November 30, 2000	12,321,831	$ 12,322	$6,795,719	$(922,926)	$ (14,113)

See accompanying notes.

NBG RADIO NETWORK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended November 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 826,112	$ (1,264,275)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Sales representation contract agreement amortization	1,618,681	437,437
Depreciation and amortization	434,293	373,124
Bad debt expense	180,774	90,134
Services provided in payment of subscribed shares	91,900	74,744
Deferred tax liability	-	(9,789)
Changes in assets and liabilities:		
Barter exchange receivables	66,255	93,542
Accounts receivable	(2,169,005)	(969,136)
Prepaid expenses and other current assets	(97,280)	(27,028)
Accounts payable	401,480	(73,748)
Accrued liabilities	132,297	(36,271)
Payments on programming contract liabilities	(1,768,957)	(437,437)

Net cash from operating activities	(283,450)	(1,748,703)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash paid for investment in subsidiary	-	(99,800)
Related-party receivables	(34,780)	(33,000)
Note receivable	(167,200)	-
Acquisition of property and equipment	(39,509)	(109,693)
Net cash from investing activities	(241,489)	(242,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advances on line of credit	400,000	-
Proceeds from stock options exercised and issuance of common stock	87,470	1,512,870
Payments on long-term debt	-	(485,248)
Net cash from financing activities	487,470	1,027,622

NBG RADIO NETWORK
STATEMENTS OF CASH FLOWS

	Years Ended November 30, 2000	1999
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (37,469)	$ (963,574)
CASH AND CASH EQUIVALENTS, beginning of year	892,092	1,855,666
CASH AND CASH EQUIVALENTS, end of year	$ 854,623	$ 892,092
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 7,861	$ 27,480
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition (disposition) of marketable equity securities for future services	$ (500,000)	$ 500,000
Capitalization of sales representation contract agreements and recognition of related liabilities	$ 3,652,995	$ 1,593,126
Acquisition of certain M-Tek Technical Services, Inc.		

assets less liabilities assumed:	
Assets purchased:	
Accounts receivable	$ 66,875
Covenant-not-to-compete	721,093
Goodwill	656,027
Less liabilities assumed	(77,195)
Net assets purchased	1,366,800
Issuance of common stock	1,267,000
Net cash paid	$ 99,800

See accompanying notes.

NBG RADIO NETWORK, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITY

NBG Radio Network, Inc. (the Company) was organized under the laws of the state of Nevada on March 27, 1996, with the name of Nostalgia Broadcasting Corporation. In January 1998, stockholders approved the Company's name change to NBG Radio Network, Inc. The Company creates, produces, distributes and is a sales representative for national radio programs, and offers other miscellaneous services to the radio industry. The Company offers radio programs to the industry in exchange for commercial broadcast time, which the Company sells to national advertisers.

In January 1999, NBG Radio Network, Inc. completed the acquisition of M-Tek Technical Services, Inc. (see Note 3), which became NBG Solutions, Inc., a wholly-owned subsidiary of the Company involved in providing design, installation, and support for interactive kiosks and card-based customer loyalty programs. The Company also has two other wholly-owned subsidiaries, NBG Travel Exclusives, Inc. and NBG Interactive, Inc., which have had no significant activity during 1999 and 2000. All significant intercompany accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

Substantially all operations of the Company and its subsidiaries are conducted from the Company's headquarters in Portland, Oregon. The Company's customers are located throughout the United States. However, five customers accounted for $10,854,162 or approximately 92% of revenues for the year ended November 30, 2000, and $3,402,618 or approximately 86% of accounts receivable as of November 30, 2000. Similarly, five customers accounted for $2,726,845 or 75% of revenues for the year ended November 30, 1999, and $1,561,250 or 73% of accounts receivable as of November 30, 1999.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's estimates and assumptions - Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements.

Cash and cash equivalents - The Company considers all highly liquid instruments purchased with original maturities of less than three months to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Concentrations of credit risk - Financial instruments which potentially subject the Company to credit risk consist principally of cash deposits and accounts receivable. The maximum loss that would have resulted from the excess of deposit balances over the amounts that would have been covered by federal deposit insurance coverage totaled $508,253 and $488,874 at November 30, 2000 and 1999, respectively. Management believes the allowance for doubtful accounts is sufficient to absorb credit risk associated with outstanding receivable balances as of November 30, 2000 and 1999.

Marketable securities - The Company classifies its marketable securities as "available for sale." Securities classified as "available for sale" are carried in the financial statements at fair value. Realized gains and losses are included in the statements of operations. Any unrealized holding gains or losses are included in the balance sheets as a separate component of stockholders' equity.

At November 30, 1999, the Company held an investment of 500,000 shares in Kinesys Pharmaceuticals, Inc. (Kinesys), with a cost of $500,000 and a fair value of $468,750. The Company acquired the shares in exchange for an equivalent value in advertising services to be provided during 2000. During 2000, the agreement was terminated, no services were provided, and the 500,000 shares were returned to Kinesys.

Barter exchange receivables (payables) - The Company holds barter exchange accounts with ITEX Corporation and Illinois Trade Association; enterprises specializing in the development and maintenance of a barter network for its participating members. The Company also holds limited occupancy rights for available rooms at vacation and resort hotels for which it provides advertising services in exchange. Revenues and expenses from these barter exchange transactions are recognized when services are received or provided. Receivables are recognized at fair value when services are provided before exchange merchandise or services are received or used. Liabilities are recognized when exchange merchandise or services are received or used before services are provided.

Sales representation contract costs - The Company capitalizes the costs associated with certain noncancellable sales representation contract agreements when all of the following conditions have been met: (a) the cost of the agreement to represent a network program is known or reasonably determinable; (b) the program material has been accepted by the Company, in accordance with the agreement; and, (c) the program is available for broadcast. Other sales representation agreements entered into by the Company that require payments contingent upon the delivery of network programming by a third-party are generally not capitalized. Capitalized sales representation agreement costs are being amortized by the straight-line method over the lives of related contract agreements, which extend from 12 to 36 months. All capitalized amounts

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

are recorded as current assets since related sales representation services are deemed to be fulfilled within the Company's current operating cycle. For the years ended November 30, 2000 and 1999, the Company recognized, in the statements of operations as direct costs, $1,618,681 and $437,437 in expenses related to capitalized sales representation contract costs (see Note 5).

Property and equipment - Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from seven to ten years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. Depreciation and amortization expenses for the years ending November 30, 2000 and 1999, were $53,326 and $43,151, respectively.

Intangible assets - Intangible assets are comprised of purchased goodwill and covenants not-to-compete. Purchased goodwill represents the excess of cost over the fair value of net assets acquired by the Company from business acquisitions in 1996 and 1999 (see Note 3). Goodwill is being amortized over a ten-year period using the straight-line method. Covenants not-to-compete are being amortized over the three-year life of related agreements. For the years ending November 30, 2000 and 1999, the Company recognized expenses resulting from the amortization of intangible assets of $380,967 and $329,973, respectively.

Revenue recognition - The Company recognizes revenue from the sale of advertising, music, and radio programs when the buyer has made an unconditional commitment to secure air time through the Company's national network and the Company has fulfilled its commitment to provide radio advertising during the secured time. Revenues recognized from the design, installation, and support for interactive kiosks produced through NBG Solutions, Inc. are recognized when the product is delivered or services performed.

Income taxes - The Company follows the asset and liability method of accounting for income taxes whereby deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Marketing and advertising costs - All costs relating to marketing and advertising are expensed in the year incurred. Amounts expensed for the years ended November 30, 2000 and 1999, were $83,156 and $130,555, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Stock option plan - The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plan. Accordingly, no compensation expense has been recognized for its stock-based incentive plan. Had compensation cost for the Company's stock option plan been determined based upon the fair value at grant date for awards under the plan consistent with methodology prescribed under Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," additional compensation expense would have been recognized as described in Note 10.

Income (loss) per share of common stock - Basic income (loss) per share of common stock is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income (loss) per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. Certain stock option grants were excluded from the diluted loss per share computation, as their effect would be antidilutive.

Reclassification - Certain 1999 amounts have been reclassified for consistency with the current year presentation.

NOTE 3 - ACQUISITION OF M-TEK TECHNICAL SERVICES, INC.

On January 25, 1999, the Company completed its acquisition of M-Tek Technical Services, Inc. (M-Tek Technical), a kiosk integration company providing customized technical solutions, bar coding, and alternative distribution channels for its customers. In the acquisition, the Company acquired assets and assumed certain liabilities of M-Tek Technical for

$1,366,800. The acquisition was completed through payment of $99,800 in cash, and distribution of 350,000 shares in Company common stock valued at $1,267,000 or $3.62 per share. In addition, management of M-Tek Technical was provided with options to purchase 350,000 shares of common stock in the Company for $3.10 per share. The underlying options will expire November 30, 2001, if not exercised earlier.

NOTE 3 - ACQUISITION OF M-TEK TECHNICAL SERVICES, INC. - (continued)

The acquisition was accounted for as a purchase. Accordingly, the excess of the fair value of assets acquired over liabilities assumed was recognized as goodwill, and is being amortized over its expected useful life of ten years. M-Tek Technical's operations were not significant prior to the date of its acquisition. The following summarizes the fair value of the assets acquired and liabilities assumed in the Company's purchase of M-Tek Technical.

Assets acquired:	
Accounts receivable	$ 66,875
Covenant not-to-compete	721,093
Goodwill	656,027
Liabilities assumed	(77,195)
Net assets acquired	$ 1,366,800

NOTE 4 - BARTER EXCHANGE RECEIVABLES

As of November 30, 2000 and 1999, barter exchange receivables consisted of the following:

	2000	1999
Resort room occupancy rights exchanged for advertising services	$ 96,696	$ 132,556
Barter exchange transaction account balances	(14,815)	15,580
	$ 81,881	$ 148,136

NOTE 5 - SALES REPRESENTATION AGREEMENTS

During 1999 and 2000, the Company entered into several noncancellable contractual agreements with third parties through which it became the exclusive representative for advertising sales involving nationally syndicated talk-radio programs. Each of the agreements, which extend from 12 to 36 months, either provides for monthly payments to the program producer, or minimum monthly payments to the program producer plus the sharing of revenues that exceed established, aggregate monthly payment amounts. Under these sales representation agreements, the Company made aggregate payments to the program producers of $1,768,957,

NOTE 5 - SALES REPRESENTATION AGREEMENTS - (continued)

and $437,437 for the years ended November 30, 2000 and 1999, respectively. During 1999 and 2000, the Company did not meet the levels of revenues from advertising sales that require revenue sharing and, therefore, did not make any revenue sharing payments, which range from 50% to 75% of revenues or gross receipts as defined.

Subsequent to November 30, 2000, the Company entered into additional noncancellable sales representation contracts with substantially similar terms and conditions as all prior noncancellable contracts. As a result of entering into these contracts, the Company recognized additional capitalized assets and contract liabilities of $288,000 subsequent to year-end.

In addition to the noncancellable contracts described above, the Company has also entered into other sales representation agreements with third-party producers of radio network programming and related services. Since the Company's performance and obligations under these agreements are contingent upon the delivery of network programming or related services by a third-party, costs for these contract agreements have not been capitalized. For the year ended November 30, 2000, expenses recognized pursuant to these sales representation agreements were $2,063,086. However, cash payments to the third-party producers are made up to as much as 105 days following the broadcast month of underlying programs.

The following table summarizes, as of November 30, 2000, the Company's minimum annual cash payments due to third-party program producers pursuant to its sales representation agreements and contracts. The schedule does not include any amounts that may become payable in accordance with revenue sharing arrangements contained in the agreements or payments on agreements which are strictly based on the sharing of a percentage of revenues.

	Capitalized Contracts	Other Contracts	Total Sales Representation Agreement Payments
2001	$ 2,332,500	$ 2,339,058	$ 4,671,558
2002	117,163	450,000	567,163
2003	8,333	262,500	270,833

$ 2,457,996	$ 3,051,558	$ 5,509,554

NBG RADIO NETWORK, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at November 30, 2000 and 1999:

	2000	1999
Office equipment	$ 19,151	$ 19,151
Studio equipment	221,393	196,479
Office furniture	98,483	83,888
Leasehold improvements	11,310	11,310
	350,337	310,828
Less accumulated depreciation and amortization	(161,441)	(108,115)
	$ 188,896	$ 202,713

NOTE 7 - REVOLVING LINE OF CREDIT

The Company has a revolving line of credit with a financial institution for $500,000. Outstanding borrowings of $400,000 at November 30, 2000, are secured by substantially all of the assets of the Company. The line of credit expires on July 15, 2001, and carries interest at the bank's prime lending rate plus .50% (10.00% at November 30, 2000).

NOTE 8 - INCOME TAXES

The income tax benefit consisted of the following for the years ended November 30, 2000 and 1999:

	2000	1999
Current	$ -	$ -
Deferred tax benefit (expense)	(228,218)	411,519
Change in valuation allowance	228,218	(401,730)
Total income tax benefit	$ -	$ 9,789

NBG RADIO NETWORK, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 8 - INCOME TAXES - (continued)

Deferred tax assets (liabilities) are comprised of the following at November 30, 2000 and 1999:

	2000	1999
Deferred tax assets:		
Allowance for doubtful accounts	$ 22,649	$ 408
Net operating loss carryforward	129,193	478,481
Contribution carryforward	5,327	4,764
Amortization of goodwill	58,112	31,974
Amortization of covenant not-to-compete	133,073	54,481
	348,354	570,108
Deferred tax liabilities:		
Depreciation differences between	(16,406)	(9,942)
Valuation allowance	(331,948)	(560,166)
Net deferred tax asset	$ -	$ -

The Company has net operating loss and contribution carryforwards of approximately $401,000 available to offset future income tax liabilities. These carryforwards will expire over various periods beginning in 2017 if not utilized earlier to offset taxable income.

Management of the Company has provided a valuation allowance to offset existing deferred tax assets as of November 30, 2000 and 1999. The valuation allowance is provided because it is uncertain, based on historical operating results, if the carryforwards will be utilized prior to their expiration.

NBG RADIO NETWORK, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease commitments - The Company rents its office space and certain office equipment under operating lease agreements. The following summarizes the Company's lease commitments for succeeding years:

Years ending November 30,	2001	$ 89,242
	2002	93,575
	2003	34,510
	2004	4,788
	2005	2,793
		$ 224,908

Rental expense was $130,188 in 2000 and $99,804 in 1999.

Employment Agreements - The Company has entered into various employment agreements with its executive officers and key employees. Under the agreements, employees are entitled to annual salary increases and all customary benefits established by the Company. The employment agreement with the Company's president also provides that in the event he is terminated or resigns following a "change in control" (as defined in the employment agreement), the Company will pay him an amount equal to three times his base salary, currently $147,500, at the time of his termination or resignation. Employment agreements with the executive vice president, chief financial officer, and vice president of operations have similar "change in control" provisions, requiring a payment to each equal to all or a portion of their annual compensation package currently approximately $265,000 in the aggregate. The chief executive and the chief technology officers of NBG Solutions, Inc. (Solutions), each have employment contracts through November 30, 2002, which provide for annual base salaries of $120,000.

Legal contingencies - The Company may become involved in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, there are no current matters expected to have a material adverse effect on the financial condition of the Company.

NOTE 10 - STOCKHOLDER TRANSACTIONS

Preferred stock - The Company has authorized 5,000,000 shares of $0.001

par value preferred stock, which can be issued in one or more series for such consideration and on such terms as the Board of Directors determines in its sole discretion, without further authorization by the Company's stockholders. In addition, the Board of Directors, in its sole discretion, can designate the preferences, conversion rights, dividend rights, voting rights, redemption prices, maturity dates, and all other matters related to the rights of preferred stock shareholders. As of November 30, 2000, no preferred shares had been issued.

Private placement offerings - In June and July 1998, the Company raised $2,000,000 through two private placement transactions. In the first transaction, the Company raised $500,000 through the issuance of 250,000 common shares at $2 per share. In the second private placement, the Company raised $1,500,000 with the issuance of 500,000 common shares at $3 per share.

NOTE 10 - STOCKHOLDER TRANSACTIONS - (continued)

Stock warrants - Attached to each share purchased through the 1998 private placement offerings were warrants providing the right to acquire one additional share for each share purchased in the private placement. The remaining warrants outstanding will expire in July 2001. All warrants became exercisable upon issuance.

The following summarizes stockholder warrant transactions in 2000 and 1999:

	Shares	Price Per Share
Warrants outstanding, November 30, 1998	2,250,000	0.75 - 1.17
Warrants granted in 1999	-	$ -
Warrants exercised in 1999	(1,267,493)	$ 1.17
Warrants expired in 1999	(232,507)	$ 1.17
	750,000	$ 0.83
Warrants granted in 2000	-	$ -
Warrants exercised in 2000	-	$ -
Warrants expired in 2000	-	$ -
Warrants outstanding, November 30, 2000	750,000	$ 0.83

Stock option plan - The Company has adopted a 1998 Stock Incentive Plan for employees, officers, and directors of the Company. The plan provides for the issuance of qualified and nonqualified options for up to 3,000,000 shares of common stock of the Company. Grants of stock options under the plan are approved by the Company's Board of Directors, which also determines the exercise price, vesting requirements, and term for exercise of all options.

NOTE 10 - STOCKHOLDER TRANSACTIONS - (continued)

The following table summarizes stock option transactions in 2000 and 1999:

	Shares	Weighted Average Option Price
Stock options outstanding, November 30, 1998	1,560,000	$ 0.54
Stock options granted in 1999:		
Issued to owners and management of M-Tek Technical Services, Inc.	350,000	$ 3.13
Issued to employees, officers, and directors	621,500	$ 2.00
Stock options exercised in 1999	(52,100)	$ 0.58
Stock options expired in 1999	(3,000)	$ 0.54
Stock options outstanding and exercisable, November 30, 1999	2,476,400	$ 1.27
Stock options granted in 2000	-	$ -
Stock options exercised in 2000	(161,538)	$ 0.54
Stock options forfeited and expired in 2000	(61,962)	$ 1.07
Stock options outstanding and exercisable, November 30, 2000	2,252,900	$ 1.32

The fair value of each option granted during 1999 is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: (1) no dividend yield; (2) expected volatility of 122.33%; (3) risk-free rate of 6.55%; and, (4) expected life of three years. The weighted-average grant-date fair value was $0.94 for options granted in 1999. For options outstanding at November 30, 2000, the range of exercise prices was $0.54 - $3.10, and the average remaining contractual life was approximately 12 months.

NOTE 10 - STOCKHOLDER TRANSACTIONS - (continued)

Had compensation cost for the Company's 1999 grants for stock-based compensation plans been determined consistent with SFAS No. 123, the Company's net loss, and net loss per common share for November 30, 1999, would approximate the following pro forma amounts. No stock options were granted in 2000.

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards prior to 1996, and additional awards in future years are anticipated.

	1999	
	As Reported	Pro Forma
Net loss	$(1,264,275)	$(2,181,403)
Basic and diluted loss per common share	$ (0.11)	$ (0.19)

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Company maintains a SARSEP savings plan for its employees. Under this plan, employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length of service requirements. The Company currently has no policy to match employee contributions.

NOTE 12 - SEGMENT INFORMATION

Based on the criteria established by Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," the Company operates in two principal business segments. In accordance with SFAS No. 131, the Company is required to describe its reportable segments and provide data that is consistent with the data made available to the Company's management to assess performance and make decisions.

NOTE 12 - SEGMENT INFORMATION - (continued)

The Company's two reportable segments based on products and services are the radio advertising and interactive kiosk segments. The products and services offered by each segment are further discussed in Note 1. Substantially all depreciation and amortization is related to the radio advertising segment. With the exception of wages and salary expense, the Company does not allocate any operating costs to the interactive kiosks segment, as management does not use this information to measure the performance of the operating segment. Management does not believe that allocating these other operating expenses is material in evaluating the segment's performance. Information from internal management reports may differ from the amounts reported under generally accepted accounting principles

Summarized information by segment for 2000 and 1999, as excerpted from internal management reports, is as follows:

	2000	1999

Revenues:		
Radio advertising	$ 11,152,185	$ 3,242,967
Interactive kiosks	633,646	373,059
Total	$ 11,785,831	$ 3,616,026
Net income (loss):		
Radio advertising	$ 1,092,324	$ (788,173)
Interactive kiosks	(266,212)	(476,102)
Total	$ 826,112	$ (1,264,275)
Assets:		
Radio advertising	$ 8,446,577	$ 4,803,080
Interactive kiosks	1,609,194	1,898,144
Total	$10,055,771	$ 6,701,224

NOTE 13 - SUBSEQUENT EVENT

On January 19, 2001, the Company completed a private placement of 547,000 units at $1 per unit. Each unit consisted of one share of common stock and one warrant to purchase an additional share of common stock, exercisable immediately. The warrants are exercisable for $1.50 per share and expire on January 19, 2003. The proceeds from the offering are to be used to fund anticipated growth in operations.

On March 5, 2001, the Company completed a private placement of 204,920 units at $1 per unit. Each unit consisted of one share of common stock and one warrant to purchase an additional share of common stock, subject to certain restrictions. The warrants are exercisable for $1.50 per share and expire on March 5, 2003. The proceeds from the offering are to be used to fund anticipated growth in operations.

F-23

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

NONE.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Set forth below is certain information concerning each person who served as an executive officer during the year ended November 30, 2000 or is presently a director of the Company. All officers and directors hold office until their respective successors are elected and qualified, or until their earlier resignation or removal.

Directors

Name	Position	Age
John A. Holmes, III	President, Chief Executive Officer, and Chairman of the Board	30
Peter Jacobsen	Director	47
Dick Versace	Director	46
Steven R. Sears	Director	34
Christopher J. Miller	Director	42

The Directors are elected annually at the annual shareholders meeting and serve until re-elected at the next annual shareholders meeting. All of the Directors were elected to office on May 16, 2000.

John A. Holmes, age 30, has been President, CEO, and Chairman of the Board since January 30, 1998. Prior to that, Mr. Holmes served as the General Manager of the Company since its inception in March of 1996. Before joining the Company, Mr. Holmes worked in radio syndication with IMS from August 1993 until May 1996. Previously, he worked for KMOV-CBS TV as a sports producer from January 1991 through May 1993. From June, 1990 until December of 1990, Mr. Holmes worked for Radio Personalities, Inc. where he was Executive Producer for short form radio programs - "Offsides with Dan Dierdorf" and "Talkin' Roundball with Dick Vitale."

Peter Jacobsen, age 47, has been a director with the Company since January 30, 1998. He is currently the host of one of the Company's short form features, "Teein' It Up with Peter Jacobsen." Mr. Jacobsen, a member of the PGA Tour, has multiple PGA Tour wins and has participated on two Ryder Cup teams. He has also been an on course commentator for ABC and ESPN.

Dick Versace, age 46, has been a director with the Company since 1997. Mr. Versace is currently the President and Director of Operations for the Vancouver Grizzlies of the National Basketball Association (NBA). Mr. Versace has coached basketball at all levels, high school, college, and the NBA. Most recently he coached in the NBA with the Milwaukee Bucks. Prior to taking the position with the Bucks, Mr. Versace was a television studio host and color analyst for TNT on the Turner Broadcasting Network.

Steven R. Sears, age 34, has been a director of the Company since January 30, 1998. He is originally from Long Beach, California where he was President of the family owned construction business, Sears Roofing Service, Inc. He also served as Vice President for Robert Kerr & Associates, a real estate construction company in Portland, Oregon.

Christopher J. Miller, age 42, has been a director of the Company since January 27, 1999. Mr. Miller is also the CEO of NBG Solutions. Prior to joining the Company, Mr. Miller worked for US Bank in Portland, Oregon as Vice President and manager of its West Region Client Services Group and Institutional Financial Services. While at US Bank, Mr. Miller also worked as Senior Project Manager of Institutional Financial Services and the Project Manager and Consultant for US Bank Trust Division. Prior to working for US Bank, Mr. Miller worked for Bank of America as Vice President and Regional Manager of Global Securities Services. While at Bank of America, Mr. Miller also worked as Vice President and Manager of Southern California Institutional Client Administration and Global Securities Services.

Executive Officers

The names and business backgrounds of Executive Officers of the Company who are not Directors of the Company are:

Name	Position	Age
John J. Brumfield	Chief Financial Officer and Secretary	33
Oliver J. Holmes	Vice President/Operations	28
Dean R. Gavoni	Executive Vice President	30
David J. Thibeau	Chief Technology Officer, NBG Solutions	41

John J. Brumfield, age 33, has been CFO since January 30, 1998. From December 1996 to January 1998, he was the Controller for the Company. From February 1996 to September 1996, he was a staff accountant for ITEX Corporation. From September of 1994 until February 1996, Mr. Brumfield was a professional golfer. Prior to that, he worked for the public accounting firm of Bogumil, Holzgang & Associates as a staff accountant from July 1991 to September 1994.

Oliver J. Holmes, age 28, has been Vice President of Operations since February 22, 2001. Prior to that time Mr. Holmes was Vice President of Affiliate Relations for the Company since January 30, 1998. Mr. Holmes has been manager of the Affiliate Relations department since July 1996. Prior to working for the Company, Mr. Holmes managed Underwater Safari's dive shop in the Virgin Islands. Prior to that, he worked in affiliate relations for Radio Personalities, Inc., an independent radio syndicator.

Dean R. Gavoni, age 30, has been Executive Vice President of the Company since June 7, 2000. Prior to that Mr. Gavoni was Vice President of Sales for the Company since January 30, 1998. Mr. Gavoni has been the national sales manager since July 1996. Prior to working for the Company, Mr. Gavoni worked in radio syndication with IMS. Before that, he worked in marketing and sales for Anheiser-Busch and on many political campaigns in the state of Illinois.

David J. Thibeau, age 41, has been Chief Technology Officer of NBG Solutions since January 1999. From 1981 to 1997, Mr. Thibeau worked for Sunmark Data, Inc., a Forms Distributor located in Portland, Oregon. Mr. Thibeau was primarily engaged in sales and marketing management until September 1997. In September 1997, he left Sunmark to work for Mtek Technical Services, Inc., a systems integration firm located in Lake Oswego, Oregon that installed integrated Kiosks, Inventory Control Systems and Automated Labeling Systems. MTek Technical, Inc. was acquired by NBG Solutions in January 1999.

Family Relationships

John A. Holmes, III, President and CEO is the older brother of the Vice President of Operations, Oliver J. Holmes. Emily Holmes, spouse of President and CEO John Holmes, also works for the Company.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16 of the Securities Exchange Act of 1934, the Company's executive officers, Directors and persons who own more than ten percent of the Company's common stock, are required to file certain reports, within specified time periods, indicating their holdings of and transactions in the common stock and derivative securities. Based solely on written representations made to the Company and the Company's review of Forms 3, 4, and 5 furnished to the Company pursuant to Section 16 of the Securities Exchange Act, the Company believes all required Forms 3, 4 and 5 were filed on time.

16

Item 10. Executive Compensation

The following table sets forth all cash compensation, including bonuses and deferred compensation, paid for the years ended November 30, 2000, 1999, and 1998 by the Company to its President and Chief Executive Officer and all other executive officers with an annual salary and bonus in excess of $100,000.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensati	
					Awards	
Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Other Annual Compensation ($) (e)	Restricted Stock Award(s) (f)	Securities Underlying Options/SARs (#) (g)
John A. Holmes, III, President and CEO	2000	256,628	$-0-	$-0-	$-0-	-0-
	1999	113,306	$-0-	$-0-	$-0-	270,000
	1998	53,840	$-0-	$-0-	$-0-	480,000
Dean R. Gavoni, Executive Vice President	2000	233,299	$-0-	$-0-	$-0-	-0-
	1999	107,795	$-0-	$-0-	$-0-	60,000
	1998	63,201	$-0-	$-0-	$-0-	180,000
Christopher J. Miller, CEO - NBG Solutions	2000	70,000	$-0-	$-0-	$-0-	-0-
	1999*	100,000	$-0-	$-0-	$-0-	195,000
David J. Thibeau, CTO - NBG Solutions	2000	96,250	$-0-	$-0-	$-0-	-0-
	1999*	100,000	$-0-	$-0-	$-0-	175,000

* Was not employed by the Company prior to 1999.

17

OPTION/SAR GRANTS IN LAST FISCAL YEAR
(Individual Grants)

Name (a)	Number Of Securities Underlying Options/SARs Granted (#) (b)	Percent Of Total Options/SARs Granted To Employees In Fiscal Year (c)	Exercise or Base Price ($/Sh) (d)
John A. Holmes, III, President and CEO	NONE		
Dean R. Gavoni, Executive Vice President	NONE		
Christopher J. Miller, CEO - NBG Solutions	NONE		
David J. Thibeau, CTO - NBG Solutions	NONE		

AGGREGATE OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND FY-END OPTIONS/SAR VALUES

Name (a)	Shares Acquired On Exercise (#) (b)	Value Realized ($) (c)	Number Of Unexercised Securities Underlying Options/SARs At FY-End (#) Exercisable/ Unexercisable (d)	Value Of Unexercised In-The-Money Option/SARs At FY-End ($) Exercisable/ Unexercisable (e)
John A. Holmes, III, President and CEO	-0-	$-0-	750,000/0	$557,484/$-0-

Dean R. Gavoni, Executive Vice President	-0-	$-0-	240,000/0	$216,894/$-0-
Christopher J. Miller, CEO - NBG Solutions	-0-	$-0-	195,000/0	$-0-/$-0-
David J. Thibeau, CTO - NBG Solutions	-0-	$-0-	175,000/0	$-0-/$-0-

Employment Agreements

John A. Holmes, III

Effective November 1, 1998, the Company entered into a five year employment agreement with John A Holmes, III, President and CEO. The employment agreement provides for a base salary of $122,000 per annum, which will be increased annually at the rate of the Consumer Price Index (CPI) plus 15%. In addition, the employment agreement provides that Mr. Holmes will be paid a minimum of 10% more than the next highest paid employee of the Company and its subsidiaries. Mr. Holmes current cash

18

compensation level is $147,500 per year (his actual year 2000 compensation was higher because of the provision in his employment agreement that he will be paid a minimum of 10% more than the next highest paid employee). Mr. Holmes has the right to terminate the agreement upon three months' prior written notice. The Company, at its discretion, has the right to terminate the employment agreement at any time without reason upon three months' prior written notice or payment in lieu of notice equaling three months' compensation. The Company may also terminate Mr. Holmes for cause without prior written notice. The employment agreement also provides that in the event Mr. Holmes is terminated or resigns following a "change in control" (as defined in the employment agreement) of the Company, the Company will pay to Mr. Holmes an amount equal to three times his annual base salary at the time of his termination or resignation.

Dean R. Gavoni

Effective November 1, 2000, the Company entered into a one-year employment agreement with Dean R. Gavoni, Executive Vice President. The employment agreement provides for a base salary of $100,000 per annum, which will be increased annually at the rate of the Consumer Price Index (CPI). In addition, the Company has the option of raising his annual salary by up to 10% of his base salary prior to any CPI adjustment. The agreement also provides for commissions based on net advertising sales, which contributed to his actual year 2000 compensation of $233,299. The Company has the right to terminate the agreement for any reason, or without reason, upon three months' prior written notice or payment in lieu of notice equaling three months compensation. The Company may also terminate Mr. Gavoni for cause without prior written notice. Mr. Gavoni has the right to terminate the agreement at any time, for any reason, by providing three months' prior written notice. The agreement also provides that in the event Mr. Gavoni is terminated following a "change in control" (as defined in the employment agreement) of the Company, the Company will pay to Mr. Gavoni an amount equal to his annual compensation package.

Christopher J. Miller

Effective January 25, 1999, the Company entered into an employment agreement with Christopher J. Miller, CEO of NBG Solutions. The agreement terminates on November 30, 2002. The agreement provides for a base salary of $120,000 per annum and eligibility to participate in the NBG Solutions Non-Qualified Profit Sharing Plan. In accordance with the agreement, Mr. Miller was granted non-qualified stock options to purchase 175,000 shares of the Company's Common Stock for $3.10 per share, exercisable no later than November 30, 2002, in accordance with the Company's 1998 Stock Incentive Plan. The Company may terminate Mr. Miller for cause upon thirty days' prior written notice. Under the agreement, Mr. Miller is subject to a worldwide covenant not to compete for a period of three years after the termination date.

David J. Thibeau

Effective January 25, 1999 the Company entered into an employment agreement with David J. Thibeau, Chief Technology Officer of NBG Solutions. The agreement terminates November 30, 2002. The agreement provides for a base salary of $120,000 per annum and eligibility to participate in the NBG Solutions Non-Qualified Profit Sharing Plan. In accordance with the agreement, Mr. Thibeau was granted non-qualified stock options to purchase 175,000 shares of the Company's Common Stock for $3.10 per share, exercisable no later than November 30, 2002, in accordance with the Company's 1998 Stock Incentive Plan. The Company may terminate Mr. Thibeau for cause upon thirty days' prior written notice. Under the agreement, Mr. Thibeau is subject to a worldwide covenant not to compete for a period of three years after the termination date.

Director Compensation

Directors of the Company are not currently compensated for their services other than as provided in the Stock Incentive Plan described below. However, Directors are reimbursed for all reasonable expenses incurred on behalf of the Company.

Stock Incentive Plan

The Company has established the NBG Radio Network, Inc. 1998 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to attract and retain the services of (1) selected employees, officers and directors of the Company or of any subsidiary of the Company and (2) selected non-employee agents, consultants, advisors, persons involved in the sale or distribution of the Company's products and independent contractors of the Company or any subsidiary. The Plan has not been submitted to a vote of the stockholders of the Company.

The Plan provides for the grant of options to qualified directors, employees (including officers), independent contractors and consultants of the Company to purchase an aggregate of 3,000,000 shares of Common Stock. The Plan is currently administered by the Board of Directors, which determines, among other things, the persons to be granted options under the Plan, the number of shares subject to each option and the option price.

The Plan allows the Company to grant the following types of awards: (i) Incentive Stock Options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended ("ISO's"); (ii) options other than ISOs ("Non-Statutory Stock Options"); (iii) stock bonuses; (iv) stock appreciation rights ("SAR's") in tandem with ISO's or Non-Statutory Stock Options; (vi) cash bonus rights; (vii) performance units; and (viii) foreign qualified awards at any time within 10 years from the date the Plan was adopted.

The exercise price of ISO's and SAR's granted in tandem with ISO's, if any, will be the fair market value of the shares of Common Stock, determined as specified in the Plan, covered by such option on the date such option is granted. If at the time an ISO is granted the optionee holds more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, the purchase price of such options will be one hundred ten percent (110%) of the fair market value of the shares of Common Stock covered by such option on the date such option is granted. The exercise price of Non-Statutory Stock Options and SAR's granted in tandem with Non-Statutory Stock Options will be determined by the Board of Directors at the time of grant and may be any amount determined by the Board of Directors.

Each ISO and, unless otherwise determined by the Board of Directors, each other option granted under the Plan by its terms will be nonassignable and nontransferable by the optionee, either voluntarily or by operation of law, except (i) to an optionee's family member by gift or domestic relations order; or (ii) by will or by the laws of descent and distribution of the state or country of the optionee's domicile at the time of death.

Non-Statutory Stock Options will have a term fixed by the Board of Directors. ISOs will have a term of no more than ten years, except that ISOs granted to an optionee owning more than 10% of the outstanding Common Stock will have a term of no more than five years and must be granted to and exercised by employees of the Company (including officers).

The Company did not grant any Non-Statutory Options to directors under the Plan in 2000. In September 1999, the Company granted Non-Statutory Options under the Plan to the following directors in the following amounts:

Peter Jacobsen	20,000
Dick Versace	20,000
Steven R. Sears	20,000

The exercise price for the options is $2.00 per share and the options will expire in September 2002, if not exercised earlier. All stock options became exercisable upon the date of grant.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of common stock of the Company as of November 30, 2000 as to (i) each person who is known by the Company to own beneficially 5% or more of the outstanding shares of the Company's common stock, (ii) each named executive officer and (iii) all Directors and officers as a group. The persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to the table.

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Ownership	(4) Percent of Class
Common Stock	John A. Holmes 3728 SW Hillside Drive Portland, OR 97221	965,900 (1)	6.3%
Common Stock	Peter Jacobsen 8700 SW Nimbus Avenue #B Beaverton, OR 97008	167,000 (2)	1.1%
Common Stock	Dick Versace 733 East Maywood Peoria, IL 61603	172,000 (3)	1.1%
Common Stock	Steven R. Sears 13800 Stampher Lake Oswego, OR 97034	396,817 (4)	2.6%
Common Stock	Christopher J. Miller 11888 SW Breyman Avenue Portland, OR 97219	413,000 (5)	2.7%
Common Stock	David J. Thibeau 132 Del Prado Lake Oswego, OR 97035	367,100 (6)	2.4%

Common Stock	Dean R. Gavoni 3503 SW Gale Portland, OR 97201	323,334 (7)	2.1%
Directors and Executive Officers as a group (9 persons)		3,525,757 (8)	22.9%

(1) Represents 215,900 common shares and 750,000 options without performance or vesting restrictions.
(2) Represents 87,000 common shares and 80,000 options without performance or vesting restrictions.
(3) Represents 92,000 common shares and 80,000 options without performance or vesting restrictions.
(4) Represents 269,317 common shares and 127,500 options without performance or vesting restrictions.
(5) Represents 175,000 common shares owned directly and 43,000 common shares held in trust for the benefit of his children and 195,000 options without performance or vesting restrictions.
(6) Represents 192,100 common shares and 175,000 options without performance or vesting restrictions.
(7) Represents 83,334 common shares and 240,000 options without performance or vesting restrictions.
(8) Represents 1,405,257 common shares owned directly, 43,000 common shares owned indirectly and 2,077,500 options without performance or vesting restrictions.

22

Item 12. Certain Relationships and Related Transactions

On January 25, 1999, the Company completed its acquisition of MTek Technical Services, Inc., a kiosk integration company providing customized technical solutions, bar coding, and distribution channels. In the acquisition, the Company acquired assets and assumed certain liabilities of MTek Technical Services, Inc. for the purchase price of $1,367,000. The purchase price consisted of $99,800 in cash and 350,000 shares (175,000 shares of Common Stock to each of Messrs. Miller and Thibeau). As a result of the acquisition, Mr. Miller became the Chief Operating Officer of NBG Solutions, Inc., a subsidiary of the Company was appointed to the Board of Directors of the Company, and was granted options to purchase 175,000 shares of Common Stock at $3.10 per share. In addition, Mr. Thibeau became Vice President/Chief Technology Officer of NBG Solutions, Inc. and was granted options to purchase 175,000 shares of Common Stock at $3.10 per share.

Item 13. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1	Restated Articles of Incorporation, as amended
3.2	Amended and Restated Bylaws of the Company(1)
4.1	Form of Common Stock Certificate(2)
4.2	Form of Warrants - Private Placement #1 (3)
10.1	Employee Agreement of John A. Holmes, III dated November 1, 1998*(2)
10.2	Employee Agreement of John J. Brumfield dated November 1, 1998*(2)
10.3	Employee Agreement of Oliver J. Holmes dated November 1, 1998*(2)
10.4	Employment and Nondisclosure Agreement of Christopher J. Miller dated

	January 25, 1999*(5)
10.5	Employment and Nondisclosure Agreement of David J. Thibeau dated January 25, 1999*(5)
10.6	1998 Stock Incentive Plan*(4)
10.7	Employee Agreement of Dean R. Gavoni dated November 1, 2000*(6)
21	Subsidiaries of the Registrant(5)
23	Consent of Moss Adams LLP, Certified Public Accountants

* Management contract or compensatory plan.

(1) Filed as exhibit to Form 10-QSB filed October 15, 1999.
(2) Filed as exhibit to Form 10-KSB filed March 2, 1999.
(3) Filed as exhibit to Form 10-KSB/A filed June 4, 1999.
(4) Filed as exhibit to Form 10-QSB/A filed November 12, 1999.
(5) Filed as exhibit to Form 10-KSB filed February 28, 2000.
(6) Filed as exhibit to Form 10-KSB filed March 16, 2001.

(b) No reports on Form 8-K were required to be filed during the last quarter of the period covered by this report.

23

SIGNATURES

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

NBG RADIO NETWORK, INC.,
a Nevada corporation

Date: May 25, 2001 By:/s/JOHN A. HOLMES, III

John A. Holmes, III, Chief Executive Officer
and President

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 Company and in the capacities and on the dates indicated.

Date: May 25, 2001 By:/s/JOHN A. HOLMES, III

John A. Holmes, III, Chairman, Board of
Directors; Chief Executive Officer
and President (Principal Executive Officer)

Date: May 25, 2001 By:/s/JOHN J. BRUMFIELD

John J. Brumfield, Chief Financial
Officer and Secretary
(Principal Financial and Accounting Officer)

Date: May 28, 2001	By:/s/PETER JACOBSEN
	Peter Jacobsen, Director
Date: May 28, 2001	By:/s/DICK VERSACE
	Dick Versace, Director
Date: May 31, 2001	By:/s/ERNIE CAPOBIANCO
	Ernie Capobianco, Director

24

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