

BOSTON OMAHA CORP

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 333-170054

BOSTON OMAHA CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-0788438

(I.R.S. Employer Identification No.)

292 Newbury Street, Suite 333, Boston, Massachusetts 02115

(Address of principal executive offices)

(857) 256-0079

(Registrant's telephone number)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 5,841,815 shares of Common Stock and 1,055,560 shares of Class A Common Stock as of November 14, 2016.

BOSTON OMAHA CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

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References in this Form 10-Q to "we", "us", "our", the "Company" and "Boston Omaha" refers to Boston Omaha Corporation, and its consolidated subsidiary, unless otherwise noted.

PART 1. FINANCIAL INFORMATION

**BOSTON OMAHA CORPORATION
and SUBSIDIARIES**

**Consolidated Financial Statements
Unaudited**

For the Three and Nine Months Ended September 30, 2016 and 2015

**BOSTON OMAHA CORPORATION
and SUBSIDIARIES**

**Consolidated Balance Sheets
Unaudited**

ASSETS

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Current Assets:		
Cash	\$ 42,375,758	\$ 13,189,066
Restricted cash	227,943	-
Accounts receivable, net	469,796	276,750
Prepaid expense	377,091	70,484
Total Current Assets	43,450,588	13,536,300
Property and Equipment:		
Structures and displays	9,289,542	4,548,473
Vehicles, equipment and furniture	112,063	2,633
Accumulated depreciation	(961,492)	(307,367)
Total Property and Equipment, net	8,440,113	4,243,739
Other Assets:		
Goodwill	7,917,853	4,389,664
Intangible assets, net	2,887,800	958,265
Investment in unconsolidated affiliates	866,221	657,528
Convertible note receivable	100,000	-
Total Other Assets	11,771,874	6,005,457
Total Assets	\$ 63,662,575	\$ 23,785,496

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable and accrued expenses	\$ 342,505	\$ 152,672
Accounts payable, stockholder	-	2,721
Notes payable, stockholders	-	100,000
Accrued interest, stockholders	-	4,384
Deferred revenue	101,536	30,204
Total Current Liabilities	444,041	289,981
Long-term payable for acquisition	126,500	-
Total Liabilities	570,541	289,981
Stockholders' Equity:		
Preferred stock, \$.001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding	-	-
Common stock, \$.001 par value, 11,000,000 shares authorized, 5,841,815 and 1,716,954 shares issued and outstanding, respectively	5,842	1,717
Class A common stock, \$.001 par value, 1,161,161 shares authorized, 1,055,560 shares issued and outstanding	1,056	1,056
Additional paid-in capital	66,925,766	25,062,544
Accumulated deficit	(3,840,630)	(1,569,802)
Total Stockholders' Equity	63,092,034	23,495,515
Total Liabilities and Stockholders' Equity	\$ 63,662,575	\$ 23,785,496

See accompanying notes to the unaudited financial statements.

**BOSTON OMAHA CORPORATION
and SUBSIDIARIES**

**Consolidated Statements of Operations
Unaudited**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Billboard rentals	\$ 959,148	\$ 349,161	\$ 2,273,210	\$ 349,161
Insurance commissions	83,089	-	276,850	-
Consulting fees	-	-	-	9,700
Total Revenues	1,042,237	349,161	2,550,060	358,861
Costs and Expenses:				
Cost of billboard revenues (exclusive of depreciation and amortization)	379,913	166,902	874,174	166,902
Leased employees	504,117	70,729	1,140,009	77,391
Professional fees	281,719	335,322	974,214	547,867
Depreciation	245,787	154,427	654,125	160,842
Amortization	255,295	34,904	596,601	50,462
General and administrative	159,930	36,877	517,885	44,296
Bad debt expense	-	-	28,682	-
Total Costs and Expenses	1,826,761	799,161	4,785,690	1,047,760
Net Loss from Operations	(784,524)	(450,000)	(2,235,630)	(688,899)
Other Income (Expense):				
Equity in income (loss) of unconsolidated affiliate	(6,623)	4,151	(32,958)	12,565
Interest expense	(182)	(3,442)	(2,240)	(19,745)
Net Loss before Income Tax	(791,329)	(449,291)	(2,270,828)	(696,079)
Income Tax (Provision) Benefit	-	-	-	-
Net Loss	\$ (791,329)	\$ (449,291)	\$ (2,270,828)	\$ (696,079)
Basic and Diluted Net Loss per Share	\$ (0.11)	\$ (0.18)	\$ (0.40)	\$ (0.67)
Basic and Diluted Weighted Average Shares Outstanding	6,896,923	2,441,536	5,744,898	1,046,178

See accompanying notes to the unaudited financial statements.

**BOSTON OMAHA CORPORATION
and SUBSIDIARIES**

**Consolidated Statement of Stockholders' Equity
Unaudited**

	<u>No. of shares</u>							
	<u>Common Stock</u>	<u>Class A Common Stock</u>						
Stockholders' equity								
December 31, 2015	1,716,954	1,055,560	\$ 1,717	\$ 1,056	\$ 25,062,544	\$ (1,569,802)	\$ 23,495,515	
Stock issued for cash	4,114,415	-	4,115	-	41,757,204	-	41,761,319	
Stock issued for notes	10,446	-	10	-	106,018	-	106,028	
Net loss	-	-	-	-	-	(2,270,828)	(2,270,828)	
Stockholder's equity								
September 30, 2016	<u>5,841,815</u>	<u>1,055,560</u>	<u>\$ 5,842</u>	<u>\$ 1,056</u>	<u>\$ 66,925,766</u>	<u>\$ (3,840,630)</u>	<u>\$ 63,092,034</u>	

See accompanying notes to the unaudited financial statements.

**BOSTON OMAHA CORPORATION
and SUBSIDIARIES**

**Consolidated Statements of Cash Flows
Unaudited**

**For the Nine Months Ended
September 30,**

	2016	2015
Cash Flows from Operating Activities:		
Net Loss	\$ (2,270,828)	\$ (696,079)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	1,250,726	211,304
Bad debt expense	28,682	-
Equity in loss (income) of unconsolidated affiliates	32,958	(12,565)
Changes in operating assets and liabilities:		
Accounts receivable	(93,503)	(226,112)
Prepaid expenses	(306,607)	(57,181)
Accounts payable and accrued expenses	187,112	214,116
Accrued interest	1,644	17,475
Deferred revenue	71,332	6,000
Net Cash Used in Operating Activities	(1,098,484)	(543,042)
Cash Flows from Investing Activities:		
Deposits to restricted cash	(227,943)	-
Purchase of equipment	(504,597)	-
Business acquisitions, net of cash acquired	(10,401,952)	(9,924,565)
Acquisition of investment in unconsolidated affiliate	(258,166)	-
Distributions from unconsolidated affiliates	16,515	-
Purchase of convertible note receivable	(100,000)	-
Net Cash Used in Investing Activities	(11,476,143)	(9,924,565)
Cash Flows from Financing Activities:		
Proceeds from notes payable to stockholders	-	219,000
Payments on notes payable to stockholders	-	(3,500)
Proceeds from issuance of stock	41,761,319	24,500,000
Contribution of capital	-	5,163
Net Cash Provided by Financing Activities	41,761,319	24,720,663
Net Increase in Cash	29,186,692	14,253,056
Cash, Beginning of Period	13,189,066	1,461
Cash, End of Period	\$ 42,375,758	\$ 14,254,517
Interest Paid in Cash	\$ 596	\$ 2,270
Income Taxes Paid in Cash	\$ -	\$ -

See accompanying notes to the unaudited financial statements.

**BOSTON OMAHA CORPORATION
and SUBSIDIARIES**

Consolidated Statements of Cash Flows (Continued)

**Supplemental Schedules of Non-cash Financing Activities
Unaudited**

**For the Nine Months Ended
September 30,**

	2016	2015
Restructure of notes payable, stockholders	\$ -	\$ 398,224
Restructure of note payable, former stockholder	-	135,494
Payables due on acquisitions	126,500	-
Notes payable and accrued interest converted to common stock	106,028	505,154
Distribution from unconsolidated affiliate applied to note payable, former stockholder	-	32,000

See accompanying notes to the unaudited financial statements.

**BOSTON OMAHA CORPORATION
And SUBSIDIARIES**

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 1. ORGANIZATION AND BACKGROUND

Boston Omaha Corporation was organized on August 11, 2009 with present management taking over operations in February 2015. The Company's operations include (i) its outdoor advertising business with multiple billboards across Alabama, Florida, Georgia, and Wisconsin, (ii) its insurance business that specializes in surety bonds, and (iii) equity method investments in several real estate and real estate service companies. The Company's billboard operations are conducted through its subsidiary, Link Media Holdings, LLC and its insurance operations are conducted through its subsidiary, General Indemnity Group, LLC.

During the first quarter of 2015, the Company realized revenues from consulting services which were attributable to one client that was related to a former officer and director of the Company. Beginning with the second quarter of 2015, the Company ceased rendering consulting services.

On December 31, 2015, the Company transferred its interest in Ananda Investments, LLC ("Ananda") to the former controlling stockholder in full satisfaction of its note payable. On January 22, 2016, in connection with the transfer of its interest in Ananda, the Company was released from its guaranty of Ananda's mortgage payable. In connection with the sale of its interest in Ananda, the Company's subsidiary Ananda Holdings, LLC ceased operations. During March 2016, the ownership of Ananda Holdings, LLC was transferred to the former controlling stockholder.

The Company completed an acquisition of an outdoor advertising business and entered the outdoor advertising industry on June 19, 2015. On July 23, 2015, August 31, 2015, February 16, 2016 and June 15, 2016, the Company completed five additional acquisitions.

On April 20, 2016, the Company completed an acquisition of a surety bond business, thus expanding its operations in insurance.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of consolidated financial position and the consolidated results of operations for the interim periods presented have been reflected herein. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the interim consolidated financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the years ended December 31, 2015 and 2014 as reported in the Company's financial statements for the years ended December 31, 2015 and 2014 have been omitted.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy

The financial statements of Boston Omaha Corporation include the accounts of the Company and its wholly-owned subsidiaries, as follows:

- Ananda Holdings, LLC ("AHLLC")
- Link Media Holdings, LLC ("LMH")
- Link Media Alabama, LLC ("LMA")
- Link Media Florida, LLC ("LMF")
- Link Media Wisconsin, LLC ("LMW")
- General Indemnity Group, LLC ("GIG")
- General Indemnity Direct Insurance Services, LLC ("GIDIS")
- General Indemnity Insurance Company PCC, LLC ("GIIC")
- The Warnock Agency, Inc. ("TWA")

**BOSTON OMAHA CORPORATION
And SUBSIDIARIES**

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation Policy (continued)

AHLLC is a Texas limited liability company and was formed on February 6, 2015 for the purpose of holding the Company's 40% interest in Ananda Investments LLC ("Ananda"). LMH is a Delaware limited liability company and was formed on June 9, 2015 for the purpose of holding the investments in LMA, LMF and LMW and future entities which will be in the outdoor advertising business. LMA is an Alabama limited liability company and was formed on June 10, 2015 to acquire outdoor advertising assets. LMF is a Florida limited liability company and was formed on July 9, 2015 to acquire outdoor advertising assets. LMW is a Wisconsin limited liability company and was formed on January 22, 2016 to acquire outdoor advertising assets. GIG was formed on September 11, 2015 and began operations during October 2015 for the purpose of holding the Company's insurance operations. The Company acquired TWA on April 20, 2016 for the purpose of expanding its insurance operations.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, net of advertising agency commissions, sales discounts, and allowances for doubtful accounts. The Company evaluates the collectability of its accounts receivable based on its knowledge of its customers and historical experience of bad debts. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, it records a specific allowance to reduce the amounts recorded to what it believes will be collected. For all other customers, the Company recognizes reserves for bad debt based upon historical experience of bad debts as a percentage of revenue, adjusted for relative improvement or deterioration in its agings and changes in current economic conditions. As of September 30, 2016 and December 31, 2015, the allowance for doubtful accounts was \$25,177 and \$2,111, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives of the assets, which range from:

Structures	15 years
Digital displays and electrical	3 to 10 years
Static and tri-vision displays	7 to 15 years
Vehicles, equipment, and furniture	2 to 5 years

Maintenance and repair costs are charged against income as incurred. Significant improvements or betterments are capitalized and depreciated over the estimated life of the asset.

**BOSTON OMAHA CORPORATION
And SUBSIDIARIES**

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchased Intangibles and Other Long-Lived Assets

The Company amortizes intangible assets with finite lives over their estimated useful lives, which range between eighteen months and fifty years as follows:

Customer relationships	2 to 3 years
Permits, licenses, and lease acquisition costs	18 months to 50 years
Noncompetition and non-solicitation agreements	2 to 5 years
Contracts, forms library, domain names, and proprietary software	2 to 3 years

Intangible assets are periodically reviewed for impairment. Management monitors events and changes in circumstances that could indicate long-lived assets, including intangible assets, may not be recoverable. Whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, an impairment loss is recorded. The Company recorded no impairment on its long-lived assets during the nine months ended September 30, 2016 and 2015.

Revenue Recognition

The Company recognizes revenue from consulting services when earned, according to the accrual basis of accounting.

The Company generates revenue from outdoor advertising through the leasing of billboards. The terms of the operating agreements range from less than one month to three years and are generally billed monthly. Revenue for advertising space rental is recognized ratably over the term of the contract. Advertising revenue is reported net of agency commissions. Agency commissions are calculated based on a stated percentage applied to gross billing revenue for operations. Payments received in advance of being earned are recorded as deferred revenue.

Advertising agency commissions for the nine months ended September 30, 2016 and 2015 were \$50,531 and \$3,218, respectively.

The Company generates revenue from commissions on surety bond sales. The insurance commissions are calculated based upon a stated percentage applied to the gross premiums on bonds. Payments received for gross premiums are held in escrow until the bond is written. When the bond is written, funds are disbursed from escrow for the payment of the bond and the commission earned on the bond.

Segment Information

The Company's current operations for the nine months ended September 30, 2016 include the outdoor advertising industry and the insurance industry. For the nine months ended September 30, 2015, the Company's operations do not include insurance since the Company's insurance operations began in October 2015.

BOSTON OMAHA CORPORATION
And SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 3. BUSINESS ACQUISITIONS

From June 19, 2015 through August 31, 2015, the Company completed three acquisitions which consisted of billboard structures, displays, and related personal property, from Bell Media, LLC, Fair Outdoor, LLC and I-85 Advertising, LLC. All of the acquisitions were accounted for as business combinations under the provisions of ASC 805.

Jag, Inc.

On February 16, 2016, the Company's subsidiary, LMW entered into a purchase agreement with Jag, Inc. for the purchase of 422 billboard displays, directional signs, equipment and related assets from Jag, Inc. The assets acquired are located in Wisconsin. The transaction was accounted for as a business combination under the provisions of ASC 805. The cash purchase price for the acquired business was \$6,954,246 of which \$687,500 was escrowed. The purchase price is subject to certain post-closing adjustments. The assets were acquired for the purpose of expanding the Company's presence in the outdoor advertising market.

The provisional allocation of the purchase price is as follows:

Property and Equipment:

Structures and displays	\$ 3,252,940
Vehicles, tools and equipment	79,737
	<hr/>
Total Property and Equipment	3,332,677

Intangible Assets:

Customer relationships	694,400
Permits and lease acquisition costs	589,491
Noncompetition agreement	104,300
Easement	55,000
Goodwill	2,072,038
	<hr/>
Total Intangible Assets	3,515,229
	<hr/>
Accounts receivable	106,340
	<hr/>
Total	\$ 6,954,246

**BOSTON OMAHA CORPORATION
And SUBSIDIARIES**

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 3. BUSINESS ACQUISITIONS (Continued)

Jag, Inc. (continued)

The allocation of the purchase price is based on internal information and will be revised when an independent appraisal has been completed.

The Company amortizes the noncompetition agreement according to the terms of the asset purchase agreement. Permits and lease acquisition costs, and customer relationships are amortized over the average period of expected benefit determined from internal information. Amortization of customer relationships, permits, lease acquisition costs, and the noncompetition agreement for the nine months ended September 30, 2016 and 2015 was \$186,724 and \$0, respectively.

Since the date of acquisition, revenues of \$1,003,665 were included in the Company's consolidated net loss for the nine months ended September 30, 2016.

In addition on February 16, 2016, the Company made an insignificant acquisition, Rose City Outdoor, LLC and Rose City Outdoor of Florida, LLC, for a cash purchase price of \$287,321.

The Warnock Agency, Inc.

On April 20, 2016, the Company's subsidiary, GIG, acquired the stock of The Warnock Agency. The transaction was accounted for as a business combination under the provisions of ASC 805. The cash purchase price was \$1,345,000, of which \$126,500 is not payable until eighteen months after closing. TWA was acquired for the purpose of expanding the Company's presence in the insurance market.

The provisional allocation of the purchase price is as follows:

Property and Equipment:	
Office furniture and equipment	\$ 20,325
Intangible Assets:	
Insurance contracts and licenses	281,500
Domain names	78,050
Proprietary software and bond form library	292,800
Goodwill	592,325
Total Intangible Assets	1,244,675
Cash	80,000
Total	\$ 1,345,000

BOSTON OMAHA CORPORATION
And SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 3. BUSINESS ACQUISITIONS (Continued)

The Warnock Agency, Inc. (continued)

The allocation of the purchase price is based on internal information and will be revised when an independent appraisal has been completed.

Insurance contracts and licenses, domain names, proprietary software and the bond form library are amortized over the average period of expected benefit determined from internal information. Amortization for the nine months ended September 30, 2016 and 2015 was \$117,517 and \$0, respectively.

Since the date of acquisition, revenues of \$276,850 were included in the Company's consolidated net loss for the nine months ended September 30, 2016.

Kelley Outdoor Media LLC

On June 15, 2016, the Company's subsidiary, LMA entered into a purchase agreement for the purchase of twenty billboard displays and related assets from Kelley Outdoor Media, LLC and ArtRod Displays, Inc. The assets acquired are located in Georgia. The transaction was accounted for as a business combination under the provisions of ASC 805. The cash purchase price for the acquired business was \$2,021,885. The assets were acquired for the purpose of expanding the Company's presence in the outdoor advertising market.

The provisional allocation of the purchase price is as follows:

Property and Equipment:	
Structures and displays	\$ 762,900
Intangible Assets:	
Customer relationships	427,731
Permits	16,600
Noncompetition agreement	15,164
Goodwill	777,605
Total Intangible Assets	1,237,100
Accounts receivable	21,885
Total	\$ 2,021,885

The allocation of the purchase price is based on internal information and will be revised when an independent appraisal has been completed.

During July 2016, Management determined that the provisional value assigned to customer relationships should be decreased from \$712,886 to \$427,731. The decrease in customer relationships resulted in an increase in the provisional value of goodwill from \$492,450 to \$777,605. The decrease in customer relationships also resulted in a decrease of \$7,919 in amortization expense for the current period.

**BOSTON OMAHA CORPORATION
And SUBSIDIARIES**

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 3. BUSINESS ACQUISITIONS (Continued)

The Company amortizes the noncompetition agreement according to the terms of the asset purchase agreement. Customer relationships and permits are amortized over the average period of expected benefit determined from internal information. Amortization of customer relationships, permits, and the noncompetition agreement for the nine months ended September 30, 2016 and 2015 was \$49,086 and \$0, respectively.

Since the date of acquisition, revenues of \$114,281 were included in the Company's consolidated net loss for the nine months ended September 30, 2016.

Pro Forma Information

The following is the unaudited pro forma information assuming all seven business acquisitions occurred on January 1, 2015. For all of the business acquisitions depreciation and amortization have been included in the calculation of the below pro forma information based upon the actual acquisition costs. Depreciation is computed on the straight-line method over the estimated remaining economic lives of the assets, ranging from two years to fifteen years. Amortization is computed on the straight-line method over the estimated useful lives of the assets ranging from eighteen months to fifty years.

Pro Forma Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	\$ 1,042,237	\$ 1,170,244	\$ 3,359,015	\$ 3,201,935
Net Income (Loss)	\$ (791,329)	\$ (502,241)	\$ (2,277,900)	\$ (1,290,598)
Basic and Diluted Earnings (Loss) per Share	\$ (0.11)	\$ (0.21)	\$ (0.40)	\$ (1.23)
Basic and Diluted Weighted Average Class A and Common Shares Outstanding	6,896,923	2,441,536	5,744,898	1,046,178

The information included in the pro forma amounts is derived from historical information obtained from the sellers of the businesses. With respect to Bell Media and Kelley Outdoor Media, the above pro forma does not contain allocation of management overhead and other shared expenses for lines of business under common ownership, that were not acquired.

BOSTON OMAHA CORPORATION
And SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 4. INTANGIBLE ASSETS

Intangible assets consist of the following:

	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Balance</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Balance</u>
Customer relationships	\$ 1,828,431	\$ (510,506)	\$ 1,317,925	\$ 706,300	\$ (120,520)	\$ 585,780
Permits, licenses, and lease acquisition costs	964,591	(76,575)	888,016	304,400	(14,748)	289,652
Noncompete agreements	189,464	(32,132)	157,332	70,000	(7,583)	62,417
Insurance contracts and domain names	331,550	(69,073)	262,477	-	-	-
Proprietary software	280,800	(39,000)	241,800	-	-	-
Bond form library	12,000	(1,667)	10,333	-	-	-
Non-solicitation agreement	28,000	(18,083)	9,917	28,000	(7,584)	20,416
	<u>\$ 3,634,836</u>	<u>\$ (747,036)</u>	<u>\$ 2,887,800</u>	<u>\$ 1,108,700</u>	<u>\$ (150,435)</u>	<u>\$ 958,265</u>

Future Amortization

The future amortization associated with the intangible assets is as follows:

	<u>September 30,</u>						<u>Total</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>	
Customer relationships	\$ 612,964	\$ 552,755	\$ 152,206	\$ -	\$ -	\$ -	\$ 1,317,925
Permits, licenses and lease acquisition costs	99,832	82,721	81,165	81,165	81,165	461,968	888,016
Noncompete agreements	37,893	37,893	37,892	33,810	9,844	-	157,332
Insurance contracts	165,775	96,702	-	-	-	-	262,477
Proprietary software	93,600	93,600	54,600	-	-	-	241,800
Bond form library	4,000	4,000	2,333	-	-	-	10,333
Nonsolicitation agreement	9,917	-	-	-	-	-	9,917
	<u>\$ 1,023,981</u>	<u>\$ 867,671</u>	<u>\$ 328,196</u>	<u>\$ 114,975</u>	<u>\$ 91,009</u>	<u>\$ 461,968</u>	<u>\$ 2,887,800</u>

BOSTON OMAHA CORPORATION
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Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 4. INTANGIBLE ASSETS (Continued)

Future Amortization (continued)

The weighted average amortization period, in months, for intangible assets is as follows:

Customer relationships	25
Permits, licenses, and lease acquisition costs	107
Non-compete agreements	50
Insurance contracts and domain names	19
Proprietary software	31
Bond form library	31
Nonsolicitation agreement	9

NOTE 5. INVESTMENT IN AFFILIATES

The Company has various investments in equity method affiliates, whose businesses are in real estate and real estate services. The Company's interests in its affiliates ranges from 7.15% to 30%.

The following table is a reconciliation of the Company's investments in equity affiliates as presented on the consolidated balance sheet:

	<u>2016</u>	<u>2015</u>
Beginning of year	\$ 657,528	\$ 47,263
Additional investments in unconsolidated affiliates	258,166	670,232
Distributions received	(16,515)	(32,000)
Sale of investment in unconsolidated affiliate	-	(31,780)
Equity in net income (loss) of unconsolidated affiliates	<u>(32,958)</u>	<u>3,813</u>
End of period	<u>\$ 866,221</u>	<u>\$ 657,528</u>

**BOSTON OMAHA CORPORATION
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Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 6. CONVERTIBLE NOTE RECEIVABLE

On September 13, 2016, the Company purchased an unsecured convertible note receivable from Breezeway Homes, Inc. ("Breezeway") for the principal sum of \$100,000. The note bears interest at three percent (3%) per annum. Principal and accrued interest are payable on demand at the earlier of December 31, 2018 or the closing of Breezeway's next equity financing. The conversion provisions will be determined by the amount, date and timing of Breezeway's next equity financing.

NOTE 7. NOTE PAYABLE, FORMER STOCKHOLDER

In connection with the former controlling stockholder's sale of his entire interest in the Company, the Company became obligated on a note payable to the former stockholder in the principal amount of \$135,494. The note bore interest at 5.76% per annum, was due February 12, 2016 and was secured by the Company's 40% interest in Ananda Investments, LLC ("Ananda".) During September 2015, Ananda made a distribution to its members. The Company's share of the distribution was \$32,000 and was distributed directly to the former controlling stockholder instead of to the Company. In accordance with the terms of the note payable, the distribution made by Ananda to the former controlling stockholder was treated as a reduction of principal, thus reducing the outstanding principal balance to \$103,494.

NOTE 8. NOTES PAYABLE, STOCKHOLDERS

	September 30, 2016	December 31, 2015
Note payable to a limited liability company, bearing interest at 5% per annum, unsecured, principal and interest due February 12, 2016	\$ -	\$ 50,000
Note payable to a limited partnership, bearing interest at 5% per annum, unsecured, principal and interest due February 12, 2016	-	50,000
	\$ -	\$ 100,000

The notes were payable to the two majority stockholders. On February 29, 2016, the two controlling stockholders extinguished the notes payable, together with accrued interest on each note of \$3,014. Each note was extinguished in exchange for 5,223 shares of common stock at a price of \$10.15 per share. The conversion of the notes payable was accounted for as an extinguishment of debt. There was no gain or loss on the conversion since the fair value of the stock issued was equivalent to the fair value of the notes prior to conversion.

NOTE 9. CAPITAL STOCK

As discussed in Note 8, the Company issued 5,223 shares of common stock to each of the two controlling stockholders at a price of \$10.15 per share in exchange for the extinguishment of notes payable and accrued interest, totaling \$106,028.

On March 11, 2016, the Company amended its certificate of incorporation to reduce authorized shares of common stock from 18,000,000 to 11,000,000 shares; authorized shares of Class A common stock from 1,300,000 shares to 1,161,116 shares; and, preferred stock from 3,000,000 shares to 1,000,000 shares.

During the nine months ended September 30, 2016 the Company raised \$41,761,319, in cash, from the issuance of its common stock. The stock was issued at a price of \$10.15 per share and represents the issuance of 4,114,415 shares. Of that amount, the controlling stockholders had purchased, for cash, 2,906,403 shares for a total cash consideration of \$29,499,990. As a group, entities related to the Company's officers and directors purchased 3,001,254 shares for a total cash consideration of \$30,462,729.

**BOSTON OMAHA CORPORATION
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Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 10. FUTURE MINIMUM LEASE PAYMENTS

In connection with the business acquisitions (See Note 3.), the Company acquired the leases for three hundred sixty-nine billboard locations. Some of the leases are non-cancelable operating leases having remaining terms ranging from month-to-month to two hundred twenty-four months. In many instances, the Company can cancel the lease with little or no penalty. Ground rents for the nine months ended September 30, 2016 and 2015 were \$366,987 and \$56,146, respectively. Contingent rents included in ground rents for the nine months ended September 30, 2016 and 2015 were \$36,989 and \$2,134 respectively.

Future minimum rents are as follows for the twelve months ending September 30:

	2017	\$	591,837
	2018		546,866
	2019		509,418
	2020		474,982
	2021		448,819
	Thereafter		2,527,708
		\$	<u>5,099,630</u>

NOTE 11. INDUSTRY SEGMENTS

This summary presents the Company's current segments, as described below.

General Indemnity Group, LLC ("GIG")

GIG conducts the Company's insurance operations through its subsidiary, The Warnock Agency ("TWA"). TWA's clients are nationwide. TWA's revenue consists of surety bond sales and insurance commissions. Currently, GIG's corporate resources are used to support TWA and to make additional business acquisitions in the insurance industry.

BOSTON OMAHA CORPORATION
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Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 11. INDUSTRY SEGMENTS (Continued)

Link Media Holdings, LLC ("LMH")

LMH conducts the Company's billboard rental operations. LMH advertisers are located in Alabama, Florida, Georgia, and Wisconsin.

Nine Months Ended September 30, 2016	GIG	LMH	Unallocated	Total Consolidated
Revenue	\$ 276,850	\$ 2,273,210	\$ -	\$ 2,550,060
Segment loss from operations	(480,585)	(663,387)	(1,091,658)	(2,235,630)
Capital expenditures	1,265,000	9,639,824	-	10,904,824
Depreciation and amortization	119,926	1,130,800	-	1,250,726
Nine Months Ended September 30, 2015				
	GIG	LMH	Unallocated	Total Consolidated
Revenue	\$ -	\$ 349,161	\$ 9,700	\$ 358,861
Segment loss from operations	-	(206,737)	(482,162)	(688,899)
Capital expenditures	-	9,924,565	-	9,924,565
Depreciation and amortization	-	211,304	-	211,304
Three Months Ended September 30, 2016				
	GIG	LMH	Unallocated	Total Consolidated
Revenue	\$ 83,089	\$ 959,148	-	\$ 1,042,237
Segment loss from operations	(237,342)	(203,649)	(343,533)	(784,524)
Capital expenditures	-	445,451	-	445,451
Depreciation and amortization	71,851	429,231	-	501,082
Three Months Ended September 30, 2015				
	GIG	LMH	Unallocated	Total Consolidated
Revenue	\$ -	\$ 349,161	\$ -	\$ 349,161
Segment loss from operations	-	(174,776)	(275,224)	(450,000)
Capital expenditures	-	3,239,961	-	3,239,961
Depreciation and amortization	-	189,331	-	189,331
As of September 30, 2016				
	GIG	LMH	Unallocated	Total Consolidated
Goodwill	\$ 592,325	\$ 7,325,528	\$ -	\$ 7,917,853
Total assets	1,653,998	19,371,609	42,636,968	63,662,575
As of September 30, 2015				
	GIG	LMH	Unallocated	Total Consolidated
Goodwill	\$ -	\$ 3,742,465	\$ -	\$ 3,742,465
Total assets	-	10,094,712	14,184,187	24,278,899

**BOSTON OMAHA CORPORATION
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Notes to Unaudited Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016

NOTE 12.

SUBSEQUENT EVENTS

On May 19, 2016, General Indemnity Group, LLC, Boston Omaha Corporation's wholly-owned subsidiary entered into a Stock Purchase Agreement with the shareholders of United Casualty and Surety Insurance Company ("UC&S"), a Massachusetts corporation, pursuant to which General Indemnity Group, LLC will purchase all of the outstanding capital stock of UC&S. The purchase price for the acquired stock will be \$13,000,000, to be paid to the selling stockholders at closing. UC&S is an insurance company headquartered in Quincy, Massachusetts, specializing in providing surety bonds. UC&S is authorized to conduct business in Massachusetts, Rhode Island, New Hampshire, Maine, New York, New Jersey, Connecticut, Pennsylvania and Florida. The closing of the acquisition is contingent upon certain conditions, including the approval by the Massachusetts Division of Insurance of an acquisition of control statement on Form A, which was submitted following the signing of the Stock Purchase Agreement. The approval hearing is scheduled to occur on November 15, 2016.

On October 27, 2016, the Company's Board of Directors approved an increase in its size from four directors to five directors. Robert T. Slezak was elected to the Board of Directors on October 27, 2016 to fill the position of the fifth director.

Item 2. Management ' s Discussion and Analysis of Financial Condition and Results of Operations.

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission filings. The following discussion should be read in conjunction with our Financial Statements and related Notes thereto included elsewhere in this report. Any of the forward-looking statements that we make in this quarterly report on Form 10-Q and in other public reports and statements we make may turn out to be inaccurate as a result of our beliefs and assumptions we make in connection with the factors set forth above or because of other unidentified and unpredictable factors. Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements and you should not rely on such statements. The Company undertakes no obligation to publish revised forward-looking statements to reflect the occurrence of unanticipated events or circumstances after the date hereof. These risks could cause our actual results for 2016 and beyond to differ materially from those expressed in any forward-looking statements by or on behalf of us, and could negatively affect the Company's financial condition, liquidity and operating and stock price performance.

Overview

Boston Omaha Corporation was originally incorporated as REO Plus, Inc. on August 10, 2009 under the laws of the State of Texas. On March 18, 2015, we reincorporated as a Delaware corporation and changed our name to Boston Omaha Corporation. Our principal address is 292 Newbury Street, Suite 333, Boston, Massachusetts 02115 and our telephone number is 857-256-0079.

We currently operate several lines of business, including outdoor billboards and related advertising services, a surety insurance brokerage firm, and maintain minority ownership positions in several real estate ventures. Since June 2015, we have acquired six different outdoor billboard businesses located in Alabama, Florida, Georgia and Wisconsin, which own and operate over 590 billboard signs. In April 2016, we also completed an acquisition of a surety bond business, thus expanding our operations in insurance.

Acquisitions.

In April 2016, we acquired The Warnock Agency, Inc., a broker of surety insurance policies. On May 19, 2016, General Indemnity Group, LLC, our wholly-owned subsidiary, entered into a stock purchase agreement with the shareholders of United Casualty and Surety Insurance Company ("UC&S"), pursuant to which General Indemnity Group, LLC will purchase all of the outstanding capital stock of UC&S. The purchase price for the acquired stock will be \$13,000,000, to be paid to the selling stockholders at closing. UC&S is an insurance company headquartered in Quincy, Massachusetts, specializing in providing surety bonds. UC&S is authorized to conduct business in Massachusetts, Rhode Island, New Hampshire, Maine, New York, New Jersey, Connecticut, Pennsylvania and Florida. The closing of the acquisition is contingent upon certain closing conditions, including the approval by the Massachusetts Division of Insurance. A hearing by the Massachusetts Division of Insurance on our application is currently scheduled to occur on November 15, 2016.

Our business objective is to grow intrinsic value per share at an attractive rate by retaining capital to reinvest in the productive capabilities of our current subsidiaries, make opportunistic investments, and/or invest in new, other potentially durable earnings streams.

We were formed by a Delaware corporation then known as Akashic Ventures, Inc. ("Akashic") for purposes of acquiring financially attractive real estate properties. Until December 31, 2015 we owned a 40% membership interest in Ananda Investments, LLC ("Ananda"), a Texas limited liability company that owns a particular real estate property near and west of downtown Houston, Texas. On December 31, 2015, we sold this interest to Richard Church, our former principal stockholder, in exchange for cancellation of a promissory note we issued to Mr. Church in the original principal amount of \$135,494.

Financing Activities :

In January 2016, we commenced an offering of shares of our common stock to accredited investors (the "2016 Financing") at a price of \$10.15 per share. We raised \$41,761,319 in gross proceeds, issuing an additional 4,114,415 shares of our Common Stock. Magnolia and Boulderado acquired approximately 62.3% and 8.4%, respectively, of the Common Stock sold in the 2016 Financing. In addition, other directors and officers directly or indirectly acquired beneficial ownership of approximately an additional 2.3% of the Common Stock sold in the 2016 financing.

As of September 30, 2016, we had issued and outstanding 5,841,815 shares of Common Stock, 1,055,560 shares of Class A Common Stock and warrants to purchase 105,556 shares of Class A Common Stock. Assuming all currently exercisable warrants are exercised, Magnolia and Boulderado collectively own approximately 82.6% of our current outstanding shares of common stock on a combined basis. As each share of Class A Common Stock has 10 votes, Magnolia and Boulderado combined control the voting of 92.6% of all votes held by the holders of Class A Common Stock and Common Stock on a combined basis.

We became a publicly held corporation in November 2012 when Akashic distributed to certain of its shareholders a total of 132,927 shares of our Common Stock held by it under a registration statement declared effective by the Securities and Exchange Commission. On November 9, 2016, we registered as a reporting company under the Securities Exchange Act of 1934, as amended, and our Common Stock trades on the OTCQX Exchange under the trading symbol "BOMN."

Plan of Operation

Present management took over operations in February 2015. Since June 2015, we have acquired outdoor billboard assets in Alabama, Florida, Georgia and Wisconsin and expect to continue to seek additional acquisitions in billboard advertising. We have also acquired an insurance brokerage firm specializing in surety insurance and have entered into an agreement to acquire UC&S, an insurance company specializing in providing surety bonds. We believe these businesses offer the potential to provide a durable and growing cash flow stream over time. In addition, we believe that in the outdoor billboard business, multiple opportunities could exist in time for the industry at large including but not limited to: supply limitations, demand growth, opportunity to convert static billboard faces to digital applications when the economics are favorable, and a growing use of billboard advertising by customers who previously ignored or underutilized the medium due to the general inflexibility of static board contracts. We source acquisitions both internally via phone calls or mailings and also by receipt of target acquisition opportunities from a number of brokers and other professionals.

In addition to these completed and pending acquisitions, we are also seeking opportunities to acquire other businesses or a significant interest in existing businesses. We look to acquire businesses in their entirety that have consistently demonstrated earnings power over time, with attractive pretax historical returns on tangible equity capital, while utilizing minimal to no debt, and that are available at a reasonable price. However, we may consider minority positions. In certain circumstances, we may enter lines of business directly when the opportunities and economics of doing so are favorable in comparison to acquisitions.

From June 19, 2015 through September 30, 2016, we have raised \$66,872,500 through the sale of our equity securities, which includes the conversion of \$611,181 in principal and interest under certain loans to equity. We have also extinguished the remaining \$135,494 in debt through the exchange of our minority interest in a real estate venture for the cancellation of this debt. As a result, and after payment for the acquisitions described above, as of September 30, 2016, we had \$42,375,758 in unrestricted cash and no debt. This figure excludes our obligation to pay approximately \$13,000,000 to the stockholders of UC&S if and when the UC&S transaction is consummated.

Results of Operations

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

Revenues . During the third quarter of 2016, we had revenues of \$1,042,237 as compared to revenues of \$349,161 during the third quarter of 2015. We realized revenues of \$959,148 from billboard rentals during the third quarter of 2016. We also realized revenues of \$83,089 from insurance commissions from our subsidiary, The Warnock Agency, Inc., which we acquired in April 2016. Revenues increased in our billboard operations to \$959,148 during the third quarter of 2016 from \$349,161 during the third quarter of 2015 as we significantly increased our billboard operations through several acquisitions.

Quarter over quarter revenue increased 4.8% in the third quarter of 2016 from the second quarter of 2016, with billboard revenues increasing by 19.8% to \$959,148 during the third quarter of 2016 from \$800,518 during the second quarter of 2016. This increase was derived primarily from the seasonal increase in revenues from our Wisconsin billboards, which are primarily located in a summer vacation region, increased revenues generally for all of our billboard operations, and to a lesser extent from the purchase of 24 billboards during the second quarter of 2016. The increase in billboard revenues was partially offset by a reduction in revenue from insurance commissions from \$193,761 during the second quarter of 2016 to \$83,089 during the third quarter of 2016. This decrease is primarily attributable to the timing of receipt of certain commissions.

Expenses . During the third quarter of 2016, we had expenses in the amount of \$1,826,761, primarily from the cost of employees, cost of billboard revenues excluding depreciation and amortization expenses, and general and administrative expenses, which combined totaled \$1,043,960. Non-cash expenses included \$245,787 in depreciation and \$255,295 in amortization expenses associated with our acquisitions in 2015 and 2016 or on a combined basis, 27.4% of costs and expenses during the third quarter of 2016. We also incurred \$281,719 in professional fees, associated primarily with legal and accounting expenses incurred in connection with completing certain audits associated with prior acquisitions, costs associated with our 2016 Financing, as well as our costs incurred in listing on the OTCQX and other costs associated in operating a public company. During the third quarter of 2015, we had costs and expenses of \$799,161, as our billboard operations were more limited in 2015 and we had just begun to incur costs associated with our surety insurance business.

Expenses increased 10.6% in the third quarter of 2016 to \$1,826,761 from \$1,651,450 during the second quarter of 2016 as a result of increased billboard operations, the additional costs of certain billboards acquired late in the second quarter of 2016, and increased depreciation and amortization expenses associated with the acquisitions we completed. Compared to the second quarter of 2016, general and administrative expenses increased by 7.3% in the third quarter of 2016 and professional fees decreased by 18.8% to \$281,719 from \$346,975 during the second quarter of 2016 when we completed several acquisitions and negotiated and signed the agreement to acquire all of the shares of UC&S.

Net Loss from Operations . Net loss from operations during the third quarter of 2016 increased 74.3% to \$784,524 from a net loss from operations of \$450,000 during the third quarter of 2015. \$501,082 of this net loss from operations during the third quarter of 2016 is associated with non-cash amortization and depreciation expenses. In addition, certain of our professional legal and accounting expenses are one-time expenses associated with acquisitions and financing activities. At September 30, 2016, we had recorded goodwill at \$7,917,853 and intangible assets of \$2,887,800, net of amortization compared to recorded goodwill of \$7,632,698 and intangible assets of \$3,428,250, net of amortization at June 30, 2016. We expect to continue to incur significant depreciation, and amortization expenses for the foreseeable future as we incur depreciation and amortization charges associated with completed acquisitions, our pending anticipated acquisition of UC&S and potential future acquisitions. Net loss from operations during the third quarter of 2016 decreased to 75.3% of revenues from a net loss from operations of 128.8% of revenues during the third quarter of 2015.

Our net loss from operations during the third quarter of 2016 increased to 75.3% of total revenues as compared to a net loss from operations of \$657,171 during the second quarter of 2016, or 66.1% of total revenues. The increase in net loss from operations in the third quarter of 2016 is due primarily to higher operating costs, depreciation and amortization expenses as well as the decrease in revenues realized during the third quarter of 2016 due to the timing of receipt of certain insurance commissions. Our strategy is to continue to acquire additional billboard businesses and other businesses which offer the potential to provide a durable and growing cash flow stream over time and which we believe will provide the volume of revenues necessary to operate profitably.

Other Income (Expense). During the third quarter of 2016, we had a loss of \$6,623 in equity from our interests in certain real estate ventures, a decrease from equity income of \$4,151 during the third quarter of 2015 from our now discontinued interest in Ananda Holdings. This also compares to equity income during the second quarter of 2016 of \$17,826. During the third quarter of 2016, we had interest expense in the amount of \$182, a decrease from interest expense of \$3,442 in the third quarter of 2015. All of the 2015 interest expense was due to loans issued to Boulderado and Magnolia and a prior loan issued by the Company to Richard Church. We converted or otherwise extinguished many of our outstanding loans in 2015 and converted the final outstanding loans during the first quarter of 2016.

Net Loss. We had a net loss before income taxes of \$791,329 during the third quarter of 2016, compared to a net loss before income taxes of \$449,291 during the third quarter of 2015 and a net loss of \$639,661 during the second quarter of 2016, or a per-share loss of \$0.11 during each of the third quarter of 2016 and the second quarter of 2016, a decrease from the net loss per share of \$.18 for the third quarter of 2015. Although the net loss increased between the second and third quarters of 2016, the net loss per share remained the same because the shares sold in the 2016 financing increased the number of weighted average shares outstanding from 5,945,267 at June 30, 2016 to 6,896,923 at September 30, 2016. Our net loss during the third quarter of 2015 was based on 2,441,536 weighted average shares outstanding.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

Revenues . We realized revenues of \$2,550,060 during the nine months ended September 30, 2016. \$2,273,210 of these revenues were from billboard rentals. We completed three billboard business acquisitions at various times during this nine month period. Revenues during the first nine months ended September 30, 2016 also included \$276,850 in revenues from The Warnock Agency, Inc. which we acquired during the second quarter of 2016. During the first nine months of 2015, we had revenues in the amount of \$349,161 from billboard revenues as we acquired billboards late in the second quarter and during the third quarter of 2015. We no longer provide the real estate consulting services from which we derived revenues of \$9,700 during the first nine months of 2015.

Expenses . During the nine months ended September 30, 2016, we had expenses in the amount of \$4,785,690, primarily from the cost of employees, cost of billboard revenues excluding depreciation and amortization expenses, and general and administrative expenses, which combined totaled \$2,532,068. Non-cash expenses included \$654,125 in depreciation and \$596,601 in amortization expenses associated with our acquisitions in 2015 and 2016, or 26% of total costs and expenses. We also incurred \$974,214 in professional fees, associated primarily with legal and accounting expenses associated with a number of acquisitions which occurred in 2016, accounting costs associated with financial reporting obligations for acquisitions completed in 2016, costs associated with the 2016 Financing, costs associated with our listing on the OTCQX and our costs incurred as a public company. During the first nine months of 2015, we had expenses in the amount of \$1,047,760, which expenses were primarily professional fees incurred in connection with several acquisitions and potential acquisitions, financing transactions, our costs of reorganizing as a Delaware corporation and related reorganization activities, and costs incurred as a public company.

Net Loss from Operations . Net loss from operations was \$2,235,630 for the nine months ended September 30, 2016. Non-cash depreciation and amortization expenses associated with acquisitions accounted for \$1,250,726 of the loss. This compares to net losses from operations in the amount of \$688,899 during the first nine months of 2015 when we had limited billboard operations and depreciation and amortization expenses totaling \$211,304.

Other Income (Expense) . During the first nine months of 2016, we had a loss of \$32,958 in equity from our interests in certain real estate ventures. We also incurred interest expense of \$2,240. During the first nine months of 2015, we had equity income from our now discontinued interest in Ananda Holdings, in the amount of \$12,565. During the first nine months of 2015, we had interest expense in the amount of \$19,745.

Net loss . We had a net loss in the amount of \$2,270,828 during the first nine months of 2016, or a per-share loss of \$0.40, based on 5,744,898 weighted average shares outstanding. This compared to a net loss in the amount of \$696,079 during the first nine months of 2015, or a per-share loss of \$0.67, based on 1,046,178 weighted average shares outstanding.

Liquidity and Capital Requirements

Currently, we own billboards in Alabama, Florida, Georgia and Wisconsin, a surety insurance brokerage firm we acquired in April 2016, and have minority investments in several real estate entities. We also have a pending acquisition of UC&S with a purchase price of \$13,000,000. Our strategy is to continue to acquire other billboard locations and insurance businesses as well as acquire other businesses which we would expect to generate positive cash flows. We currently expect to finance any future acquisition with cash and seller or third party financing. In the future, we may satisfy a portion of the purchase price for a property with the Company's equity securities. At September 30, 2016, we had \$42,375,758 in unrestricted cash. As a result, we have adequate resources to complete the UC&S acquisition and a certain limited number of potential future acquisitions with these proceeds. If and when we exhaust the funds from the 2016 Financing, we may choose to raise additional funding to complete potential future acquisitions that are available at a reasonable price.

We continue to explore both the type and scope of acquisitions and business lines that we wish to pursue. The amount of capital that we will need will depend on the scope of the acquisitions and business lines that we ultimately decide to pursue, which is uncertain at this time. However, for us to acquire significant additional businesses, we may need to undertake certain financing activities once we exhaust the funding raised in the 2016 Financing. The sources for financing would initially most likely be institutional investors or accredited individuals although we may also consider raising additional funds through the public markets. We currently do not have any binding commitments for additional financing. We cannot assure anyone that additional financing will be available to us when needed or, if available, that such financing can be obtained on commercially reasonable terms. If we do not obtain additional financing, it may limit the acquisitions we can complete. We cannot assure anyone that we will be successful in obtaining necessary capital in our acquisition activities or that any acquisition will achieve or maintain profitability.

Seasonal Effects and Effects of Inflation

Management believes that its business interests in real estate and outdoor billboard advertising are not subject to significant seasonal variations, although certain of our billboard operations in Wisconsin may realize increased revenues during the summer months due to their locations in regions with a large number of summer visitors. Management further believes that the service nature of the businesses we operate may not be as impacted by inflation as more capital intensive businesses, since materials are not anticipated to be a significant component of our costs, and we currently possess businesses with relatively minimal capital expenditure needs. However, management also believes inflation can affect all businesses. Our labor, electricity usage, insurance, and other costs may be subject to inflationary pressures. It should also be understood that we own digital billboards within our billboard assets, which must be replaced over time to maintain revenue levels and remain competitive, therefore depreciating faster than static billboards. Historically, the cost of digital billboard faces has declined while useful lives have increased as the technology advanced, thus proving somewhat deflationary. There is no guarantee that this will continue though, and the cost of digital billboard faces may increase. In addition, significant decreases in general economic conditions may reduce outdoor advertising rates and adversely impact the real estate market. Currently, we do not anticipate raising significant debt financing; therefore, we do not anticipate that operating results will be adversely affected by increased interest rates. In the future though, we may seek to raise additional capital through debt or convertible debt financings, and in such an event, increased interest rates may increase the cost of any future borrowing.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management has employed a framework consistent with Exchange Act Rule 13a-15(c), to evaluate our internal control over financial reporting described below. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the design and operation of our internal control over financial reporting as of September 30, 2016 based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation.

As defined by Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements and Related Independence Rule and Conforming Amendments," established by the Public Company Accounting Oversight Board ("PCAOB"), a material weakness is a deficiency or combination of deficiencies that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected.

Our management believes that the lack of a formal risk assessment process and monitoring structure raises a reasonable possibility that a material misstatement of our annual or interim financial statements may not be timely prevented or detected and should therefore be considered a material weakness in our internal control over financial reporting. Because of this material weakness, our management believes that as of September 30, 2016, our company's internal controls over financial reporting may not be effective.

Despite our current view that internal controls over financial reporting may not be effective, we have taken a number of steps to address this potential area of risk. In June 2016, we hired a full-time controller. The controller is working on a risk assessment, currently analyzing existing internal controls and coordinating our efforts to remediate any potential deficiencies in our internal controls over financial reporting. In addition, earlier this year, we appointed our first independent member of our board of directors and we recently added Robert Slezak as an additional independent director. Mr. Slezak has significant financial experience as the chief financial officer of the company now known as TD Ameritrade, having served as its chief financial officer before it became a public company and for a period when it was a public company. Notwithstanding the assessment that our internal control over financial reporting may not be effective and that there were material weaknesses as identified in this report, based on our recent actions and the post-closing procedures performed, we believe that our financial statements contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, fairly present our financial position, results of operations and cash flows for the periods covered thereby in all material respects.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officers and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Controls over Financial Reporting

Other than as disclosed above, there have not been any changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the period of this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the quarter ended September 30, 2016, we sold 1,398 shares of our Common Stock at a purchase price of \$10.15 per share to accredited investors in an offering under Rule 506 of Regulation D, for total proceeds of \$14,190. There were no commissions paid in connection with the offering.

Of the 1,398 shares sold, 1,000 shares were subscribed prior to the close of our 2016 Financing. The remaining 398 shares were sold pursuant to our rights offering which allowed holders of our common stock on January 15, 2016 (other than Boulderado and Magnolia) to participate based upon their proportionate ownership of our common stock prior to commencement of the 2016 Financing.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

- (a) The following exhibits are filed with this Quarterly Report or are incorporated herein by reference:

Exhibit Number	Description
31.01	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.02	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification Pursuant to 18 U.S.C. Section 1350, as pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Labels Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOSTON OMAHA CORPORATION
(Registrant)

By: /s/ Alex B. Rozek
Alex B. Rozek,
President (Principal Executive Officer)

November 14, 2016

By: /s/ Joshua Weisenburger
Joshua Weisenburger
Controller (Chief Accounting Officer)

November 14, 2016

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alex B. Rozek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boston Omaha Corporation (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

Date: November 14, 2016

/s/ Alex B. Rozek
Alex B. Rozek, President
(Principal Executive Officer)

**CERTIFICATION OF CHIEF ACCOUNTING OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joshua Weisenburger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boston Omaha Corporation (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

Date: November 14, 2016

/s/ Joshua Weisenburger
Joshua Weisenburger, Controller
(Chief Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Boston Omaha Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on or about the date hereof ("Report"), the undersigned, in my capacity as President and Co-Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2016

/s/ Alex B. Rozek
Alex B. Rozek, President
(Principal Executive Officer)

This certification accompanies the Report and shall not, except to the extent required by the Exchange Act, be deemed filed by the Company. A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Boston Omaha Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on or about the date hereof ("Report"), the undersigned, in my capacity as Chief Accounting Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2016

/s/ Joshua Weisenburger
Joshua Weisenburger, Controller
(Chief Accounting Officer)

This certification accompanies the Report and shall not, except to the extent required by the Exchange Act, be deemed filed by the Company. A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
