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

FORM 10-Q

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

For the quarterly period ended: **March 31, 2015**

or

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

For the transition period from __________ to __________

Commission File Number**: 000-53012**

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**90-0687379**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

709 S. Harbor City Boulevard, Suite 250, Melbourne, Florida 32901
(Address of principal executive offices)

(321) 725-0090
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months, 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 (§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, or 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:

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 ☒

As of May 12, 2015, there were 19,187,055 shares outstanding of the registrant's Common Stock.

PART I

ITEM 1. FINANCIAL STATEMENTS

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2015 (unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash	$ 112,794	$ 279,087
Cash-restricted	384,737	318,259
Accounts receivable, net	2,252,053	1,804,636
Prepaid and other current assets	127,221	153,296
Capitalized financing costs, current portion	68,370	68,370
Total current assets	2,945,175	2,623,648
Property, plant and equipment, net of accumulated depreciation of $2,602,845 and $2,472,111	8,171,848	8,294,298
Other assets		
Capitalized financing costs, long term portion	17,089	37,775
Patient list, net of accumulated amortization of $60,000 and $55,000	240,000	245,000
Patents, net of amortization of $23,875 and $19,100	262,625	267,400
Deposits	2,571	2,571
Total other assets	522,285	552,746
Total assets	$ 11,639,308	$ 11,470,692
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	$ 1,360,890	$ 1,457,275
Stock based payable	220,000	537,750
Advances	298,000	224,000
Line of credit, short term	1,377,000	1,237,000
Convertible note payable, short term portion	2,192,099	2,148,835
Notes payable, current portion	684,904	732,791
Unearned revenue	51,639	38,763
Total current liabilities	6,184,532	6,376,414
Long term debt:		
Deposits held	72,901	72,901
Notes payable, long term portion	8,034,369	8,184,560
Total long term debt	8,107,270	8,257,461
Total liabilities	14,291,802	14,633,875
Stockholders' deficit		
Preferred stock, $0.01 par value; 1,000,000 shares authorized, Nil issued and outstanding	-	-
Common stock, $0.001 par value; 100,000,000 shares authorized, 18,432,055 and 17,951,055 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	18,432	17,951
Additional paid in capital	13,151,461	12,671,942
Accumulated deficit	(15,822,387)	(15,853,076)
Total stockholders' deficit	(2,652,494)	(3,163,183)
Total liabilities and stockholders' deficit	$ 11,639,308	$ 11,470,692

See the accompanying notes to these unaudited condensed consolidated financial statements

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31, 2015	2014
Revenues:		
Patient service revenue	$ 2,285,288	$ 2,010,974
Provision for bad debts	(45,224)	(38,144)
Net patient service revenue less provision for bad debts	2,240,064	1,972,830
Rental Revenue	265,103	261,923
Total Revenue	2,505,167	2,234,753
Operating expenses:		
Salaries and benefits	946,120	1,065,521
Other operating expenses	451,485	429,291
General and administrative	553,284	405,912
Depreciation and amortization	140,509	134,719
Total operating expenses	2,091,398	2,035,443
Net income from operations	413,769	199,310
Other income (expense):		
Miscellaneous income	750	750
Amortization financing costs	(20,686)	(15,906)
Interest expense, net	(363,144)	(219,253)
Total other expense	(383,080)	(234,409)
Net income (loss) before provision for income taxes	30,689	(35,099)
Income taxes (benefit)	-	-
NET INCOME (LOSS)	$ 30,689	$ (35,099)
Net Income (loss) per common share, basic	$ 0.00	$ (0.00)
Net Income (loss) per common share, diluted	$ 0.00	$ (0.00)
Weighted average number of common shares outstanding, basic	18,062,466	16,756,648
Weighted average number of common shares outstanding, diluted	22,090,565	16,756,648

See the accompanying notes to these unaudited condensed consolidated financial statements

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
THREE MONTHS ENDED MARCH 31, 2015
(unaudited)

	Preferred stock		Common stock		Additional Paid in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, December 31, 2014	-	$ -	17,951,055	$ 17,951	$ 12,671,942	$ (15,853,076)	$ (3,163,183)
Common stock issued for services rendered	-	-	381,000	381	380,619	-	381,000
Common stock issued in connection with loan extension	-	-	100,000	100	98,900	-	99,000
Net income	-	-	-	-	-	30,689	30,689
Balance, March 31, 2015	-	$ -	18,432,055	$ 18,432	$ 13,151,461	$ (15,822,387)	$ (2,652,494)

See the accompanying notes to these unaudited condensed consolidated financial statements

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months Ended March 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	$ 30,689	$ (35,099)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation and amortization	140,509	129,940
Amortization of financing costs	20,686	20,685
Bad debt expense	45,224	38,144
Common stock issued in connection with loan extension	99,000	-
Stock based compensation	48,250	-
Changes in operating assets and liabilities:		
Accounts receivable	(492,641)	(512,989)
Prepaid expenses and other	26,075	(12,579)
Restricted funds	(66,478)	(47,526)
Accounts payable and accrued expenses	(38,121)	124,299
Unearned income	12,876	(25,180)
Net cash used in operating activities	(173,931)	(320,305)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(8,284)	(10,998)
Net cash used in investing activities	(8,284)	(10,998)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from advances	74,000	-
Proceeds from lines of credit	140,000	100,000
Net payments on notes payable	(198,078)	(197,238)
Net cash provided by (used in) financing activities	15,922	(97,238)
Net decrease in cash and cash equivalents	(67,293)	(428,541)
Cash and cash equivalents, beginning of period	279,087	739,158
Cash and cash equivalents, end of period	$ 112,794	$ 310,617
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 264,144	$ 310,617
Cash paid during the period for taxes	$ -	$ -
Supplemental Disclosure on non-cash investing and financing activities:		
Common stock issued in settlement of accrued expenses	$ 15,000	$ 22,240

See the accompanying notes to these unaudited condensed consolidated financial statements

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES; BASIS OF PRESENTATION

A summary of the significant accounting policies applied in the presentation of the accompanying unaudited condensed consolidated financial statements follows:

General

The (a) condensed consolidated balance sheet as of December 31, 2014, which has been derived from the audited financial statements of First Choice Healthcare Solutions, Inc. ("FCHS" and including, where appropriate, its consolidated subsidiaries, the "Company"), and (b) the unaudited condensed consolidated interim financial statements as of March 31, 2015 of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2015 are not necessarily indicative of results that may be expected for the year ending December 31, 2015. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on April 15, 2015.

Basis of Presentation

Effective April 4, 2012, Medical Billing Assistance, Inc., a Colorado corporation ("Medical Billing"), merged with and into the Company. The effect of the merger was that Medical Billing reincorporated from Colorado to Delaware (the "Reincorporation"). The Company is deemed to be the successor issuer of Medical Billing under Rule 12g-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

As a result of the Reincorporation, the Company changed its name to First Choice Healthcare Solutions, Inc. and its shares underwent an effective four-for-one reverse split. Other than the foregoing, the Reincorporation did not result in any change in the business, management, fiscal year, accounting, and location of the principal executive offices, assets or liabilities of the Company.

On April 2, 2012, the Company completed its acquisition of First Choice Medical Group of Brevard, LLC ("First Choice – Brevard"), pursuant to the Membership Interest Purchase Closing Agreement (the "Purchase Agreement"). The Company has been managing the practice of First Choice – Brevard since November 1, 2011, pursuant to a Management Services Agreement.

The unaudited condensed consolidated financial statements include the accounts of the Company and its direct and indirect wholly owned subsidiaries FCID Holdings, Inc., MTMC of Melbourne, Inc., Marina Towers, LLC, FCID Medical Inc. and First Choice - Brevard. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, "*Revenue Recognition*" ("ASC 605-10") which requires that four basic criteria be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

ASC 605-10 incorporates Accounting Standards Codification subtopic 605-25, "*Multiple-Element Arrangements*" ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing ASC 605-25 on the Company's financial position and results of operations was not significant.

The Company recognizes in accordance with Accounting Standards Codification subtopic 954-310, "Health Care Entities" ("ASC 954-310"), significant patient service revenue at the time the services are rendered, even though it does not assess the patient's ability to pay. Therefore, The Company's interim and annual periods reports disclose both, its policy for assessing and disclosing the timing and amount of uncollectable patient service revenue recognized as doubtful. Qualitative and quantitative information about significant changes in the allowance for doubtful accounts related to patient accounts receivable are disclosed in the Company's reports. These estimates are based upon the past history and identified trends for each of our payers.

Patient Service Revenue

The Company recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services provided. For uninsured or self-pay patients that do not qualify for charity care, the Company recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a portion of the Company's patient service revenue may be potentially uncollectible due to patients who are unable or unwilling to pay for the services provided or the portion of their bill for which they are responsible. Thus, the Company records a provision for bad debts related to potentially uncollectible patient service revenue in the period the services are provided.

Rental Revenue

FCID Holdings, Inc. has one real estate holding, Marina Towers, LLC, a 78,000 square foot, Class A, six-story building located on the Indian River in Melbourne, Florida. In addition to housing our corporate headquarters and First Choice-Brevard, the building, which averages 95% annual occupancy, also leases approximately 48,698 square feet of commercial office space to third party tenants. The Company recognizes rental revenue associated with the period of time facility is leased at the contractual lease rates (or on the basis of discounted rates, if negotiated).

Cash and Cash Equivalents

The Company considers cash and cash equivalents to consist of cash on hand and investments having an original maturity of 90 days or less that are readily convertible into cash. As of March 31, 2015, the Company had $112,794 in cash.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. Generally, the Company's cash and cash equivalents in interest-bearing accounts may exceed FDIC insurance limits. The financial stability of these institutions is periodically reviewed by senior management.

Accounts Receivable

Accounts receivables are carried at their estimated collectible amounts net of doubtful accounts. The Company analyzes its past history and identifies trends for each major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

- Rental receivables. Accounts receivables from rental activities are periodically evaluated for collectability in determining the appropriate allowance for doubtful account provision for bad debts and provision of bad debts.

- Patient receivables. Accounts receivables from services provided to patients who have third-party coverage, the Company analyzes contractually due amounts and provides a provision for bad debts, if necessary. The Company records a provision for bad debts in the period of service on the basis of past experience or when indications are the patients are unable or unwilling to pay the portion of their bill for which they are responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted, is charged off against the allowance for doubtful accounts.

As of March 31, 2015 and December 31, 2014, the Company's provision for bad debts was $1,527,436 and $1,482,212, respectively.

Capitalized Financing Costs

Capitalized financing costs represent costs incurred in connection with obtaining the debt financing. These costs are amortized ratably and charged to financing expenses over the term of the related debt. The amortization for the three months ended March 31, 2015 and 2014 was $20,686 and $20,685 respectively. Accumulated amortization of deferred financing costs were $252,056 and $231,369 at March 31, 2015 and December 31, 2014, respectively.

Segment Information

Accounting Standards Codification subtopic "*Segment Reporting*" 280-10 ("ASC 280-10") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein represents all of the material financial information related to the Company's two principal operating segments (see Note 10 – Segment Information).

Patents

Intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually. The Company's intangible assets with finite lives are patent costs, which are amortized over their economic or legal life, whichever is shorter. These patent costs were acquired on September 7, 2013 by the issuance of 636,666 shares of the Company's common stock to a related party. The shares of common stock were valued at $286,500, which was estimated to be approximately the fair value of the patent acquired and did not materially differ from the fair value of the common stock. Amortization expenses for the three months ended March 31, 2015 and 2014 was $4,775 and $-0-, respectively. Accumulated amortization of Patent costs were $23,875 and $19,100 at March 31, 2015 and December 31, 2014, respectively.

Patient List

Patient list is comprised of acquired patients in connection with the acquisition of First Choice - Brevard and is amortized ratably over the estimated useful life of 15 years. Amortization expenses for the three months ended March 31, 2015 and 2014 was $5,000 and $5,000, respectively. Accumulated amortization of patient list costs were $60,000 and $55,000 at March 31, 2015 and December 31, 2014, respectively.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 5 to 39 years.

Net Income (Loss) Per Share

The Company accounts for net income (loss) per share in accordance with Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"), which requires presentation of basic and diluted earnings per share ("EPS") on the face of the statement of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS.

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during each period. It excludes the dilutive effects of potentially issuable common shares such as those related to our issued convertible debt, warrants and stock options. Diluted net loss per share for three months ended March 31, 2014 does not reflect the effects of 5,914,664 shares potentially issuable upon the conversion of our convertible note payable or the exercise of the Company's stock options and warrants (calculated using the treasury stock method) as including such would be anti-dilutive.

Fair Value

Accounting Standards Codification subtopic 825-10, "*Financial Instruments*" ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and short-term borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Company follows Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures ("ASC 820-10") and Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"), which permits entities to choose to measure many financial instruments and certain other items at fair value. Neither of these statements had an impact on the Company's financial position, results of operations nor cash flows.

Stock-Based Compensation

Share-based compensation issued to employees is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. The Company measures the fair value of the share-based compensation issued to non-employees using the stock price observed in the arms-length private placement transaction nearest the measurement date (for stock transactions) or the fair value of the award (for non-stock transactions), which were considered to be more reliably determinable measures of fair value than the value of the services being rendered. The measurement date is the earlier of (1) the date at which commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete. As of March 31, 2015, the Company had no non-employee options outstanding to purchase shares of common stock.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, "*Income Taxes*" ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial.

Recent Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements, except as disclosed.

NOTE 2 – LIQUIDITY

The Company incurred various non-recurring expenses in 2014 in connection with the planned development of its medical practice. Management believes the continuing trend of positive growth before interest, taxes, depreciation and amortization into 2015 will support improved liquidity. In the fourth quarter of 2013, the Company paid off or converted to equity a total of $1,238,480 in outstanding debt. Currently, the Company has three main sources of liquidity, its line of credit with CT Capital, LP, patient service revenue received from FCID Medical, Inc. and rental revenue received from its real estate interest, FCID Holdings, Inc.

On June 13, 2013, the Company's subsidiary, First Choice – Brevard entered into a loan and security agreement with CT Capital, Ltd., d/b/a CT Capital, LP, a Florida limited liability partnership for an accounts receivable line of credit in the maximum aggregate amount of $1,500,000. Under the line of credit with CT Capital, the Company reduced the annual interest rate from 12% per annum to 6% per annum in exchange for the issuance to CT Capital of 100,000 restricted shares of the Company's common stock. As of March 31, 2015, the Company has used $1,377,000 of the amount available under the line of credit.

The Company's wholly owned subsidiary, FCID Holdings, Inc. ("FCID Holdings") operates its real estate interests. Currently, FCID Holdings has one real estate holding, Marina Towers, LLC, a 78,000 square foot, Class A, six-story building located on the Indian River in Melbourne, Florida. In addition to housing the Company's corporate headquarters and First Choice – Brevard, the building, which averages 95% annual occupancy, also leases approximately 48,698 square feet of commercial office space to third party tenants.

The Company believes that ongoing operations of Marina Towers, LLC and the current positive cash balance along with continued execution of its business development plan will allow the Company to further improve its working capital and currently anticipates that it will have sufficient capital resources to meet projected cash flow requirements through the date that is one year and one day from the filing of this report. However, in order to execute the Company's business development plan, which there can be no assurance it will do, the Company may need to raise additional funds through public or private equity offerings, debt financings, corporate collaborations or other means and potentially reduce operating expenditures. If the Company is unable to secure additional capital, it may be required to curtail its business development initiatives and take additional measures to reduce costs in order to conserve its cash.

NOTE 3 — CASH – RESTRICTED

Cash-restricted is comprised of funds deposited to and held by the mortgage lender for payments of property taxes, insurance, replacements and major repairs of the Company's commercial building. The majority of the restricted funds are reserved for tenant improvements. As of March 31, 2015 the Company had $384,737 in restricted cash as compared to $318,259 at December 31, 2014.

NOTE 4 — PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment at March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015	December 31, 2014
Land	$ 1,000,000	$ 1,000,000
Building	3,055,168	3,055,168
Building improvements	3,977,250	3,970,603
Automobiles	29,849	29,849
Computer equipment	329,599	327,847
Medical equipment	2,252,799	2,253,219
Office equipment	130,028	129,723
	10,774,693	10,766,409
Less: accumulated depreciation	(2,602,845)	(2,472,111)
	$ 8,171,848	$ 8,294,298

During the three months ended March 31, 2015 and 2014, depreciation expense charged to operations was $130,734 and $129,940, respectively.

NOTE 5 — LINE OF CREDIT

Line of Credit, CT Capital

On June 13, 2013, the Company's subsidiary, First Choice – Brevard entered into a loan and security agreement (the "Loan Agreement") with CT Capital, Ltd., d/b/a CT Capital, LP, a Florida limited liability partnership (the "Lender"). Under the Loan Agreement, the Lender committed to make an accounts receivable line of credit in the maximum aggregate amount of $1,500,000 to First Choice - Brevard with an interest rate of 12% per annum (the "Loan"). The maturity date of the Loan is December 31, 2016. Interest is due and payable monthly. Upon default, the interest may be adjusted to the highest rate permissible by law. The Loan is secured by the accounts receivable and assets of the Company's subsidiary, First Choice – Brevard, which constitute the collateral for the repayment of the Loan. The Loan Agreement also includes covenants, representations, warranties, indemnities and events of default that are customary for facilities of this type. The advance rate is defined as: 80% of all receivables to be 120 days or less at the net collection rate of approximately 27% of total billings, excluding patient billings and collections. Additionally, allowable accounts receivable will also include 50% of all accounts receivable protected by legal letters of protection. At any time, the Lender may convert all or any portion of the outstanding principal amount or interest on the Loan into common stock of the Company at a conversion price of $0.75 per share. The Company did not record an embedded beneficial conversion feature in the note since the fair value of the common stock did not exceed the conversion rate at the date of commitment.

On November 8, 2013, in consideration for the issuance of 100,000 restricted shares of the Company's common stock, the Lender agreed to modify its Loan. Under the Loan Agreement, as amended, the annual rate of interest of the Loan was reduced from 12% per annum to 6% per annum and will remain at 6% until November 1, 2015. All other terms under the Loan Agreement remain the same.

The obligations of the Company under the Loan Agreement, as amended, are guaranteed by certain affiliates of the Company, including a personal guarantee issued by the Company's Chief Executive Officer.

NOTE 6 - CONVERTIBLE NOTES PAYABLE

Hillair Capital Investments, L.P.

On November 8, 2013, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with Hillair Capital Investments L.P. ("Hillair") in exchange for the issuance of (i) a $2,320,000, 8% original issue discount convertible debenture, which was originally due on December 28, 2013 and subsequently extended on December 28, 2013 through November 1, 2015 (the "Debenture"), and (ii) a common stock purchase warrant (the "Warrant") to purchase up to 2,320,000 shares of the Company's common stock at an exercise price of $1.35 per share, which may be exercised on a cashless basis, until November 8, 2018. The Debenture and the Warrant may not be converted if such conversion would result in Hillair beneficially owning in excess of 4.99% of the Company's common stock. Hillair may waive this 4.99% restriction with 61 days' notice to the Company.

The Company issued to Hillair the Debenture with the Warrant for the net purchase price of $2,000,000 (reflecting the $320,000 original issue discount of the Debenture). Until the Debenture is no longer outstanding, the Debenture is convertible, in whole or in part at the option of Hillair, into shares of common stock, subject to certain conversion limitations set forth above at a conversion price of $1.00 per share, subject to adjustment for stock splits, stock dividends, and sales of securities or other distributions by the Company.

In connection with the issuance of the Debenture, the Company issued the Warrant, granting the holder the right to acquire an aggregate of 2,320,000 shares of the Company's common stock at $1.35 per share. In accordance with ASC 470-20, the Company recognized the value attributable to the Warrant and the conversion feature of the Debenture in the amount of $1,871,117 to additional paid-in capital and a discount against the notes. The Company valued the warrants in accordance with ASC 470-20 using the Black-Scholes pricing model and the following assumptions: contractual terms of 3.6 years, an average risk free interest rate of 1.42%, a dividend yield of 0%, and volatility of 147.94%. During the year ended December 31, 2013, the Company amortized $1,871,117 of the debt discount to operations as interest expense.

On January 30, 2015, the Company and Hillair entered into an Extension Agreement ("Extension") amending the 8% Original Issue Discount Secured Convertible Debenture due November 1, 2015, in order to extend the Periodic Redemption due February 1, 2015, in the principal amount of $580,000 (the "February Periodic Redemption") to April 1, 2015.

In consideration of the Extension, the Company issued to Hillair 100,000 shares of common stock and remitted a payment of $30,000. The Extension also provides that, for an additional $20,000 payment (provided written notice and payment are made prior to March 15, 2015), the Company may request that the February Periodic Redemption be extended to May 1, 2015.

On March 15, 2015, the Company provided written notice and remitted $20,000 to Hillair to extend the February Redemption to May 1, 2015.

On April 9, 2015, the redemption terms of the Debenture were further modified as follows: Hillair agreed to convert $580,000 of the principal amount of the February Periodic Redemption into 580,000 shares of the Company's common stock on or before May 1, 2015. In consideration of reducing the conversion price of $100,000 principal amount of the Debenture from $1.00 to $0.50 per share, the $580,000 principal amount of the Debenture due May 1, 2015 was extended to August 1, 2015.

Additionally, the modification provides the Company, upon the payment of $150,000 (on or before July 1, 2015) and the reduction of the exercise price of the 2,320,000 warrants issued to Hillair from $1.35 per share to $1.00 per share, to extend the $580,000 principal amount of the Debenture plus interest due August 1, 2015 and the balance of the principal amount of the Debenture plus interest due November 1, 2015 until January 15, 2016. Reducing the exercise price of the warrants would increase the number of warrants granted to Hillair by 601,481.

To secure the Company's obligations under the Debenture, the Company granted Hillair a security interest in certain of its and its subsidiaries' assets in the Company as described in the Securities Purchase Agreement. In addition, certain of the Company's subsidiaries agreed to guarantee the Company's obligations pursuant to the guaranty agreements.

NOTE 7— NOTES PAYABLE

Notes payable as of March 31, 2015 and December 31, 2014 are comprised of the following:

	March 31, 2015	December 31, 2014
Mortgage Payable	$ 7,229,708	$ 7,256,416
Note Payable, GE Capital (construction), MRI	76,459	121,204
Note Payable, GE Capital (construction), 2	30,217	44,911
Note Payable, GE Capital (MRI)	1,127,752	1,218,625
Note Payable, GE Capital (X-ray)	131,405	142,349
Note Payable, GE Arm	85,981	91,925
Note Payable, Auto	14,386	16,383
Capital Lease Equipment	23,365	25,538
	8,719,273	8,917,351
Less current portion	(684,904)	(732,791)
	$ 8,034,369	$ 8,184,560

<u>Mortgage Payable</u>

On August 12, 2011, the Company refinanced its existing mortgage note payable as described below providing additional working capital funds. The aggregate amount of the note of $7,550,000 bears 6.10% interest per annum with monthly payments of $45,753 beginning in October 2011 based on a 30 year amortization schedule with all remaining principal and interest due in full on September 16, 2016. The note is secured by land and the building along with first priority assignment of leases and rents. Tenant rents are mailed to lockbox operated by the mortgage service company. In addition, the Company's Chief Executive Officer provided a limited personal guaranty.

In connection with the refinancing of the mortgage note payable, the Company incurred financing costs of $286,723 in the year 2011. The capitalized financing costs are amortized ratably over the term of the mortgage note payable.

<u>Note Payable — Equipment Financing</u>

On May 21, 2012, the Company entered into a note payable with GE Healthcare Financial Services ("GE Capital") in the amount of approximately $2.4 million for equipment financing.

The Company also currently has two construction loans outstanding. As of December 2012, the construction loans are payable in 35 monthly payments (first three payments are $nil) including interest at 7.38%. On May 29, 2012, the Company drew down a total of $450,000 against the first construction loan. On September 24, 2012, the Company drew down a total of $150,000 against the second construction loan.

The Company entered into equipment finance leases for a total aggregate amount of $2,288,679, subject to delivery and acceptance of the underlying equipment. All notes and finance leases have been personally guaranteed by the Company's Chief Executive Officer.

On September 27, 2012, the Company accepted the delivery of MRI equipment under the equipment finance lease. As such, the component piece accepted of $1,771,390 is due over 60 months and the associated monthly payment is $0 for the first three months and $38,152 per month for the remaining 57 months including interest at 7.9375% per annum. On March 8, 2013, the Company amended the equipment finance lease to interest only payments of $11,779 for the first three months and $38,152 per month for the remaining monthly payments.

On August 22, 2012, the Company accepted the delivery of X-ray equipment under the equipment finance lease. As such, the component piece accepted of $212,389 is due over 60 months and the associated monthly payment is $0 for the first three months and $4,300 per month for the remaining 57 months including interest at 7.9375% per annum. On March 8, 2013, the Company amended the equipment finance lease to interest only payments of $1,384 for the first three months and $4,575 per month for the remaining monthly payments.

On February 25, 2013, the Company accepted the delivery of C-arm equipment under the equipment finance lease. As such, the component piece accepted of $124,797 is due over 63 months and the associated monthly payment is $0 for the first three months and $2,388 for the remaining 60 months, including interest at 7.39% per annum.

Note Payable — Auto

On May 21, 2012, the Company issued a note payable, in the amount of $29,850, due in monthly installments of $593 including interest of 6.99%, due to mature in June 2017, and secured by related equipment. The outstanding balance on the note payable as of March 31, 2015 was $14,386.

Capital Lease — Equipment

On June 11, 2013, the Company entered into a lease agreement to acquire equipment with 48 monthly payments of $956 payable through June 1, 2017 with an effective interest rate of 14.002% per annum. The Company may elect to acquire the leased equipment at a nominal amount at the end of the lease.

Aggregate Principal Maturities of Long-Term Debt as of March 31, 2015:

	Amount
Nine months ended December 31, 2015	$ 534,713
Year ended December 31, 2016	7,642,507
Year ended December 31, 2017	523,316
Year ended December 31, 2018 and thereafter	18,737
Total	$ 8,719,273

NOTE 8 — CAPITAL STOCK

During the three months ended March 31, 2015, the Company issued 100,000 shares of its common stock in connection with a loan extension (See Note 6).

During the three months ended March 31, 2015, the Company issued an aggregate of 381,000 shares of its common stock to officers, employees and service providers at an aggregate fair value of $381,000 of which $221,000 was expensed in 2014.

Stock-Based Payable

The Company is obligated to issue an aggregate of 220,000 shares of its common stock to officers and consultants for past and future services. The estimated liability as of March 31, 2015 and December 31, 2014 of $220,000 ($1.00 per share) and $537,750 ($1.32 per share) was determined based on services rendered. The shares were issued in reliance upon the exemption from registration under Section 4(a)(2) of the Securities Act.

NOTE 9 — STOCK OPTIONS AND WARRANTS

Warrants

The following table summarizes the warrants outstanding and the related exercise prices for the underlying shares of the Company's common stock as of March 31, 2015:

Warrants Outstanding				Warrants Exercisable	
Price	**Outstanding**	**Expiration Date**	**Weighted Price**	**Exercisable**	**Weighted Price**
$ 1.35	2,320,000	November 8, 2018	$ 1.35	2,320,000	$ 1.35
$ 3.60	1,875,000	December 31, 2016	$ 3.60	1,875,000	$ 3.60
	4,195,000		$ 2.36	4,195,000	$ 2.36

The warrant to purchase up to 2,320,000 shares of the Company's common stock may be exercised on a cashless basis. The warrant to purchase up to 1,875,000 shares of the Company's common stock may not be exercised on a cashless basis.

Transactions involving stock warrants issued to non-employees are summarized as follows:

	Number of Shares	**Weighted Average Price Per Share**
Outstanding at December 31, 2013:	4,195,000	$ 2.36
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2014:	4,195,000	$ 2.36
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at March 31,2015	4,195,000	$ 2.36

As of March 31, 2015, the Company had no outstanding options.

NOTE 10 — SEGMENT REPORTING

The Company reports segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. The Company has two reportable segments: Marina Towers, LLC and FCID Medical, Inc.

The Marina Towers, LLC segment derives revenue from the operating leases of its owned building, whereas FCID Medical segment derives revenue for medical services provided to patients.

Information concerning the operations of the Company's reportable segments is as follows:

Summary Statement of Operations for the three months ended March 31, 2015:

	Marina Towers	FCID Medical	Corporate	Intercompany Eliminations	Total
Revenue:					
Net Patient Service Revenue	$ -	$ 2,240,064	$ -	$ -	$ 2,240,064
Rental revenue	375,321	-	-	(110,218)	265,103
Total Revenue	375,321	2,240,064	-	(110,218)	2,505,167
Operating expenses:					
Salaries & benefits	3,000	836,987	106,133	-	946,120
Other operating expenses	103,331	458,372	-	(110,218)	451,485
General and administrative	22,642	291,159	239,483	-	553,284
Depreciation and amortization	69,219	66,515	4,775	-	140,509
Total operating expenses	198,192	1,653,033	350,391	(110,218)	2,091,398
Net income (loss) from operations:	177,129	587,031	(350,391)	-	413,769
Interest expense	(110,496)	(51,784)	(200,864)	-	(363,144)
Amortization of financing costs	(14,337)	(6,349)	-	-	(20,686)
Other income (expense)	750	-	-	-	750
Net Income (loss):	53,046	528,898	(551,255)	-	30,689
Income taxes	-	-	-	-	-
Net income (loss)	$ 53,046	$ 528,898	$ (551,255)	$ -	$ 30,689

Summary Statement of Operations for the three months ended March 31, 2014:

	Marina Towers	FCID Medical	Corporate	Intercompany Eliminations	Total
Revenue:					
Net Patient Service Revenue	$ -	$ 1,972,830	$ -	$ -	$ 1,972,830
Rental revenue	369,511	-	-	(107,588)	261,923
Total Revenue	369,511	1,972,830	-	(107,588)	2,234,753
Operating expenses:					
Salaries & benefits	3,000	979,883	82,638	-	1,065,521
Other operating expenses	103,612	433,267	-	(107,588)	429,291
General and administrative	21,819	236,252	147,841	-	405,912
Depreciation and amortization	69,009	65,710	-	-	134,719
Total operating expenses	197,440	1,715,112	230,479	(107,588)	2,035,443
Net income (loss) from operations:	172,071	257,718	(230,479)	-	199,310
Interest expense	(112,024)	(59,337)	(47,892)	-	(219,253)
Amortization of financing costs	(14,337)	(1,569)	-	-	(15,906)
Other income (expense)	750	-	-	-	750
Net Income (loss):	46,460	196,812	(278,371)	-	(35,099)
Income taxes	-	-	-	-	-
Net income (loss)	$ 46,460	$ 196,812	$ (278,371)	$ -	$ (35,099)

	Marina Towers	FCID Medical	Corporate	Intercompany Eliminations	Total
Assets:					
At March 31, 2015:	$ 6,522,984	$ 4,804,169	$ 312,155	$ -	$ 11,639,308
At December 31, 2014:	$ 6,726,759	$ 4,407,749	$ 336,184	$ -	$ 11,470,692
Assets acquired					
Three months ended March 31, 2015	$ 6,628	$ 1,656	$ -	$ -	$ 8,284
Three months ended March 31, 2014	$ 10,439	$ 559	$ -	$ -	$ 10,998

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

On or about July 25, 2014, MedTRX Health Care Solutions, LLC and MedTRX Collection Services, LLC ("MedTRX") filed a demand for arbitration with the American Arbitration Association ("AAA") against FCID Medical, Inc. and First Choice Medical Group of Brevard, LLC (collectively, "First Choice"). MedTRX claims that First Choice breached an exclusive five year billing and collection agreement dated as of December 9, 2011 ("Billing Agreement") by engaging another billing service on or about June 1, 2014. MedTRX also claims that First Choice failed to pay for services that MedTRX had performed prior to June 1, 2014 leaving a balance due of $93,280.84. MedTRX claims total damages of "not less than $3 million. On or about September 15, 2014, First Choice served its Answering Statement and Counterclaims ("Answering Statement"). In the Answering Statement, First Choice denies all liability to MedTRX due to MedTRX's numerous material breaches of the Billing Agreement and asserted two counterclaims for fraudulent inducement and negligence against MedTRX. First Choice seeks damages of not less than $2 Million against MedTRX. However, no assurance can be given that any amounts ultimately due by the Company will not have a material impact on the Company's financial condition.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

NOTE 12 - SUBSEQUENT EVENTS

Hillair Extension

On April 9, 2015, the redemption terms of the Debenture were further modified as follows: Hillair agreed to convert $580,000 of the principal amount of the February Periodic Redemption into 580,000 shares of the Company's common stock on or before May 1, 2015. In consideration of reducing the conversion price of $100,000 principal amount of the Debenture from $1.00 to $0.50 per share, the $580,000 principal amount of the Debenture due May 1, 2015 was extended to August 1, 2015.

Additionally, the modification provides the Company, upon the payment of $150,000 (on or before July 1, 2015) and the reduction of the exercise price of the 2,320,000 warrants issued to Hillair from $1.35 per share to $1.00 per share, to extend the $580,000 principal amount of the Debenture plus interest due August 1, 2015 and the balance of the principal amount of the Debenture plus interest due November 1, 2015 until January 15, 2016. Reducing the exercise price of the warrants would increase the number of warrants granted to Hillair by 601,481.

As a result of the modification, Hillair converted $100,000 principal amount of the Debenture, at $.50 per share, into 200,000 shares of the Company's common stock; and $580,000 principal amount of the February Periodic Redemption, at $1.00 per share, into 580,000 shares of the Company's common stock. In total, Hillair converted $680,000 principal amount of the Debenture into 780,000 shares of the Company's common stock.

As of May 1, 2015, the outstanding principal amount and interest of the Debenture was $1,526,358.81.

The B.A.C.K. Center

The Company through its newly formed wholly-owned subsidiary, TBC Holdings of Melbourne, Inc. ("TBC Holdings"), has entered into an Operating and Control Agreement (the Agreement") with Brevard Orthopaedic Spine & Pain Clinic, Inc. ("The B.A.C.K. Center"), a premier orthopaedic and pain practice in Brevard County, Florida. The B.A.C.K. Center generates revenues of approximately $14,000,000 annually and operates two medical offices located in Melbourne and Merritt Island, Florida.

The Agreement provides TBC Holdings with the sole and exclusive management and control of The B.A.C.K. Center, including, but not limited to, administrative, financial, facility and business operations. The initial term of the Agreement expires on December 31, 2016, with an option by the Company to extend the term until December 31, 2023.

The Agreement, effective May 1, 2015, will enable TBC Holdings to exercise effective control over the business of The B.A.C.K. Center, and will be treated as a variable interest entity ("VIE"). The Company has the power to make decisions that most significantly affect the economic performance of The B.A.C.K. Center and to absorb significant losses or right to receive benefits that could potentially be significant. As a result, the Company will include the financial results of the VIE in its consolidated financial statements in accordance with generally accepted accounting principles.

The Company has granted the principals of The B.A.C.K. Center an option to purchase up to an aggregate of 3,000,000 shares of its common stock. The options are exercisable at $1.35 per share until December 31, 2023, subject to the parties satisfying certain terms and conditions.

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

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). Forward-looking statements reflect the current view about future events. When used in this quarterly report on Form 10-Q, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions, as they relate to us or our management, identify forward-looking statements. Such statements, include, but are not limited to, statements contained in this quarterly report on Form 10-Q relating to our business strategy, our future operating results, and our liquidity and capital resources outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward–looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees of assurance of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, the execution of our strategy to grow our business by hiring additional physicians to create Medical Centers of Excellence that fit our defined criteria; evolving healthcare laws and regulations; changes in the rates or methods of third-party reimbursements for medical services; accelerated pace of consolidation in the hospital industry; changes in our medical technology as it relates to our services and procedures; any failures in our information technology systems to protect the privacy and security of protected information and other similar cyber security risks; our ability to raise capital to fund continuing operations; and other factors relating to our industry, our operations and results of operations and any new Medical Centers of Excellence that we may open. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Company Overview

Overview

First Choice Healthcare Solutions, Inc. ("FCHS," the "Company," "we," "our" or "us") is engaged in the creation of state-of-the-art, multi-specialty "Medical Centers of Excellence" primarily in select markets in the southeastern and western parts of the United States. We intend to own and operate these "Medical Centers of Excellence" under the FCHS brand.

We believe by integrating the synergistic mix of orthopaedic, neurology and interventional pain specialties with related diagnostic and ancillary services and state-of-the-art equipment and technologies all in one location or a "Medical Center of Excellence," we are able to:

- provide patients with convenient access to musculoskeletal and rehabilitative care via orthopaedic, neurology and interventional pain medicine treatment, diagnostics and ancillary care services, including, but not limited to magnetic resonance imaging ("MRI"), x-ray ("X-ray"), durable medical equipment ("DME") and physical therapy ("PT");

- empower physicians to collaborate as a unified care team, optimizing care coordination and improving outcomes;

- advance the quality and cost effectiveness of our patients' healthcare; and ultimately, achieve strong, sustainable financial performance that serves to create long-term value for our stockholders.

Our goal is to build a network of non-physician-owned and operated Medical Centers of Excellence in diverse locations, primarily throughout the southeastern and western parts of the United States. By centralizing current and future centers' business management functions, including call center operations, scheduling, billing, compliance, accounting, marketing, advertising, legal, information technology and record-keeping, at our corporate headquarters, we will maintain efficiencies and scales of economies. We believe our structure will enable our staff physicians to focus on the practice of medicine and the delivery of quality care to the patients we serve, as opposed to having their time and attention focused on business administration responsibilities. We currently have 50 employees, including physicians and physician assistants.

Our Healthcare Services Business

We currently own and operate First Choice Medical Group of Brevard, LLC ("FCMG"), our model multi-specialty Medical Center of Excellence. FCMG will serve as the model for replicating our "Medical Center of Excellence" strategy in our target expansion markets. Located in Melbourne, Florida, FCMG specializes in the delivery of musculoskeletal medicine, via our strategically aligned sub-specialties in orthopaedics, neurology and interventional pain medicine, coupled with on-site diagnostic and ancillary services, including MRI, X-ray, DME and rehabilitative care with multiple quality-focused goals centered on enriching our patients' care experiences.

Our Real Estate Business

FCID Holdings, Inc. ("FCID Holdings") is our wholly owned subsidiary which operates our real estate interests. Currently, FCID Holdings has one real estate holding, Marina Towers, LLC, a 78,000 square foot, Class A, six-story building located on the Indian River in Melbourne, Florida. In addition to housing our corporate headquarters and FCMG, the building, which averages 95% annual occupancy, also leases approximately 48,698 square feet of commercial office space to third party tenants.

New Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on our consolidated financial position, results of operations or cash flows.

Results of Operations for the Three Months Ended March 31, 2015 and 2014

Revenues

Total revenues increased 12% to $2,505,167 for the three months ended March 31, 2015 as compared to revenues of $2,234,753 for the same period in the prior year. The increase is attributed to growth in our net patient service revenue from our Medical Center of Excellence, FCMG, which increased 14% to $2,240,064 for the quarter, after factoring provision for doubtful accounts. Rental revenue remained relatively flat, totaling $265,103 and $261,923 for the three months ended March 31, 2015 and 2014, respectively.

The provision for doubtful accounts during the first quarter of 2015 totaled $45,224. The charge to the provision for doubtful accounts in the first quarter 2015 resulted from writing off old receivables from our prior MedTRX accounts receivable system, which was replaced by Athena in June 2014. We adopted the provisions of ASU 2011-07 in 2014, which requires that healthcare entities change the presentation of the statement of operations by reclassifying the provision for doubtful accounts from an operating expense to a deduction from patient service revenues. All periods presented have been reclassified in accordance with ASU 2011-07.

Operating Expenses

Operating expenses include the following:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Salaries and Benefits	$ 946,120	$ 1,065,521
Other operating expenses	451,485	429,291
General and administrative	553,284	405,912
Depreciation and amortization	140,509	134,719
Total operating expenses	$ 2,091,398	$ 2,035,443

The major components of operating expenses include practice salaries and benefits, practice supplies and other operating costs, depreciation and general and administrative expenses, which included legal, accounting and professional fees associated with being a public entity.

Salaries and benefits decreased 11% to $946,120 for the three months ended March 31, 2015 compared to $1,065,521 for the three months ended March 31, 2014 primarily due to a reduction in the number of physicians on staff in 2015. Other operating expenses increased 5% to $451,485 from $429,291 due to volume increase from 2014 to 2015.

General and administrative expenses for the three months ended March 31, 2015 increased 36% to $553,284, up from $405,912. The increase was largely attributable to higher corporate expenses related to transaction costs associated with The B.A.C.K. Center and our ongoing investments in strengthening our infrastructure in anticipation of commencing the scaling and replication of our Medical Center of Excellence business model in 2015. We believe that each additional sale or service and corresponding gross profit of such sale or service has minimal incremental offsetting operating expenses. Thus, additional sales could contribute to profit at a higher rate of return on sales as a result of not needing to expand operating expenses at the same pace as sales.

Depreciation and amortization increased 4% from $134,719 for the three months ended March 31, 2014 to $140,509 for the three months ended March 31, 2015.

Net Income (Loss) on Operations

The income from operations for the three months ended March 31, 2015 increased 108% to $413,769, which compared to income from operations of $199,310 for the same period in the prior year. Notwithstanding non-cash expenses totaling $353,669 for the three months in 2015, which included stock-based compensation, depreciation and amortization, income from operations totaled $767,438. This compared to income from operations of $388,079 after factoring $188,769 in non-cash stock-based compensation, depreciation and amortization recorded for the three months ended March 31, 2014.

Interest Expense

Interest expense increased measurably, rising 66% to $363,144 for the three months ended March 31, 2015, which compared to $219,253 for the three months ended March 31, 2014. The increase primarily is due to a $99,000 non-cash interest payment to extend our convertible note payable due to Hillair Capital Investments during the three months ended March 31, 2015 as compared to nil the same period last year.

Net Income (Loss)

As a result of all the above, our net income increased 187% to $30,689 for the three months ended March 31, 2015, which compared to a net loss of $35,099 for the same period in the previous year.

Segment Results

The Company reports segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. The following are the revenues, operating expenses and net income (loss) by segment for the three months ended March 31, 2015 and 2014. The significant fluctuations in the line items are described above.

Summary Statement of Operations for the three months ended March 31, 2015:

	Marina Towers	FCID Medical	Corporate	Intercompany Eliminations	Total
Revenue:					
Net Patient Service Revenue	$ -	$ 2,240,064	$ -	$ -	$ 2,240,064
Rental revenue	375,321	-	-	(110,218)	265,103
Total Revenue	375,321	2,240,064	-	(110,218)	2,505,167
Operating expenses:					
Salaries & benefits	3,000	836,987	106,133	-	946,120
Other operating expenses	103,331	458,372	-	(110,218)	451,485
General and administrative	22,642	291,159	239,483	-	553,284
Depreciation and amortization	69,219	66,515	4,775	-	140,509
Total operating expenses	198,192	1,653,033	350,391	(110,218)	2,091,398
Net income (loss) from operations:	177,129	587,031	(350,391)	-	413,769
Interest expense	(110,496)	(51,784)	(200,864)	-	(363,144)
Amortization of financing costs	(14,337)	(6,349)	-	-	(20,686)
Other income (expense)	750	-	-	-	750
Net Income (loss):	53,046	528,898	(551,255)	-	30,689
Income taxes	-	-	-	-	-
Net income (loss)	$ 53,046	$ 528,898	$ (551,255)	$ -	$ 30,689

Summary Statement of Operations for the three months ended March 31, 2014:

	Marina Towers	FCID Medical	Corporate	Intercompany Eliminations	Total
Revenue:					
Net Patient Service Revenue	$ -	$ 1,972,830	$ -	$ -	$ 1,972,830
Rental revenue	369,511	-	-	(107,588)	261,923
Total Revenue	369,511	1,972,830	-	(107,588)	2,234,753
Operating expenses:					
Salaries & benefits	3,000	979,883	82,638	-	1,065,521
Other operating expenses	103,612	433,267	-	(107,588)	429,291
General and administrative	21,819	236,252	147,841	-	405,912
Depreciation and amortization	69,009	65,710	-	-	134,719
Total operating expenses	197,440	1,715,112	230,479	(107,588)	2,035,443
Net income (loss) from operations:	172,071	257,718	(230,479)	-	199,310
Interest expense	(112,024)	(59,337)	(47,892)	-	(219,253)
Amortization of financing costs	(14,337)	(1,569)	-	-	(15,906)
Other income (expense)	750	-	-	-	750
Net Income (loss):	46,460	196,812	(278,371)	-	(35,099)
Income taxes	-	-	-	-	-
Net income (loss)	$ 46,460	$ 196,812	$ (278,371)	$ -	$ (35,099)

Liquidity and Capital Resources

As of March 31, 2015, we had cash of $112,794, restricted cash of $384,737 and accounts receivable totaling $2,252,053. This compared to cash of $279,087, restricted cash of $318,259 and accounts receivable of $1,804,636 as of the end of 2014.

The Marina Towers building is 95% occupied. We believe that ongoing operations of Marina Towers, LLC, the current positive cash balance along with continued execution of Marina Tower's business development plan will allow us to further improve its working capital; and that it will have sufficient capital resources to meet projected cash flow requirements through the date that is one year plus a day from the filing date of this report. However, there can be no assurance that we will be successful in fully executing its business development plan.

Net cash used in our operating activities for the three months ended March 31, 2015 totaled $173,931, which compared to net cash used in our operations for the three months ended March 31, 2014 of $320,305. The decrease in cash used was due primarily to net income of $30,689 for the current period as compared to a loss of $35,099 for the three months ended March 31, 2014, which was offset by stock-based compensation of $48,250 and payment of non-cash loan extension of $99,000 for the three months ended March 31, 2015 as compared to nil for the same period last year. In addition, our operating assets increased by $533,044 and $573,094 for the three months ended March 31, 2015 and 2014, respectively, and our operating liabilities decreased in 2015 by $25,245 as compared to increasing by $99,119 for the three months ended March 31, 2014.

Net cash flows used in investing activities was $8,284 for the three months ended March 31, 2015, compared to $10,998 used in investing activities for the three months ended March 31, 2014. The decrease was due to less cash spent on the purchase of equipment in 2015 compared to the prior year.

Cash flows provided by financing activities was $15,922 for three months ended March 31, 2015, compared to net cash used in financing activities of $97,238 for the three months ended March 31, 2014. The cash flows provided by (used in) financing activities were the result of:

	Three Months ended March 31, 2015	Three Months ended March 31, 2014
Proceeds from advances	$ 74,000	$ —
Proceeds from lines of credit	140,000	100,000
Net payments on notes payable	(198,078)	(197,238)
Net cash provided by (used in) financing activities	$ 15,922	$ (97,238)

On April 9, 2015, the redemption terms of the Debenture were further modified as follows: Hillair agreed to convert $580,000 of the principal amount of the February Periodic Redemption into 580,000 shares of the Company’s common stock on or before May 1, 2015. In consideration of reducing the conversion price of $100,000 principal amount of the Debenture from $1.00 to $0.50 per share, the $580,000 principal amount of the Debenture due May 1, 2015 was extended to August 1, 2015.

Additionally, the modification provides the Company, upon the payment of $150,000 (on or before July 1, 2015) and the reduction of the exercise price of the 2,320,000 warrants issued to Hillair from $1.35 per share to $1.00 per share, to extend the $580,000 principal amount of the Debenture plus interest due August 1, 2015 and the balance of the principal amount of the Debenture plus interest due November 1, 2015 until January 15, 2016. Reducing the exercise price of the warrants would increase the number of warrants granted to Hillair by 601,481.

Currently, we are actively engaged in identifying and pursuing discussions with prospective acquisitions in key target markets — with those being largely in the southeastern U.S. Over the next 12 months, we expect to incur significant capital costs to further develop and expand operations. We plan to add another medical center of excellence and purchase additional diagnostic equipment for our operations. We expect to need additional capital of approximately $4-6 million to fund the development and expansion of our operations in 2015. However, there can be no assurance that we will be able to negotiate acceptable terms for, or find suitable candidates for, such acquisition.

There can be no assurance that our cash flow will increase in the near future from anticipated new business activities, or that revenues generated from our existing operations will be sufficient to allow us to continue to pursue new customer programs or profitable ventures.

Off Balance Sheet Arrangements

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements have been prepared by management in accordance with U.S. GAAP.

Recently Issued Accounting Pronouncements

There were various updated recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying financial statements.

Inflation

The effect of inflation on our revenue and operating results was not significant.

Climate Change

We believe that neither climate change, nor government regulations related to climate change, have had, or are expected to have, any material effect on our operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

On December 9, 2011, FCID Medical, Inc. and First Choice Medical Group of Brevard, LLC, both wholly-owned subsidiaries of the Company (collectively, the "Company") entered into a five (5) year Billing and Collection Agreement (the "Agreement") with MedTRX Health Care Solutions, LLC and MedTRX Collection Services LLC (collectively, "MedTRX"). Under the terms of the Agreement, MedTRX was to provide the Company with proprietary IT billing and collection software systems. MedTRX has claimed that the Company breached the Agreement, and that the Agreement has been terminated. MedTRX, on July 25, 2014, filed a demand for arbitration with the American Arbitration Association to be conducted in New York, New York. The Company believes the claims of MedTRX are without merit and intends to file a counterclaim of its own for multiple breaches of the Agreement by MedTRX. Colin Halpern, a member of our Board of Directors, is the Managing Member of MedTRX Provider Network, LLC, which is an affiliate of MedTRX. However, no assurance can be given that any amounts ultimately due by the Company, will not have a material impact on the Company's financial condition.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors reported in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014

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

Issuances to Directors, Officers, Employees and Service Providers

During the three months ended March 31, 2015, we issued an aggregate of 381,000 shares of our common stock to certain service providers and such shares had an aggregate fair value of $381,000 of which $221,000 was expensed in 2014. The shares were issued in reliance upon the exemption from registration under Section 4(a)(2) of the Securities Act.

Item 3. Defaults upon Senior Securities

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of our Company.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Accounting Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Principal Accounting Officer pursuant to 18 U.S.C. 1350 as adopted 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 Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

	FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
Dated: May 15, 2015	By: */s/ Christian C. Romandetti* Christian C. Romandetti Chief Executive Officer (Principal Executive Officer)
Dated: May 15, 2015	By: */s/ Donald A. Bittar* Donald A. Bittar Interim Chief Financial Officer (Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Christian C. Romandetti, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of First Choice Healthcare Solutions, Inc. (the "registrant");

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 the 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 issuer as of, and for, the periods presented in this report;

4) The small business issuer's other certifying officer(s) 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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: *<u>/s/ CHRISTIAN C. ROMANDETTI</u>*
Christian C. Romandetti
Chief Executive Officer

May 15, 2015

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Donald Bittar, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of First Choice Healthcare Solutions, Inc. (the “registrant”);

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 the 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 registrant as of, and for, the periods presented in this report;

4) The registrant’s other certifying officer(s) 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 registrant 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 registrant, 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 registrant’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 registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer’s auditors and the audit committee of the small business issuer’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant’s internal control over financial reporting.

By: */s/ DONALD BITTAR*
Donald Bittar
Interim Chief Financial Officer

May 15, 2015

EXHIBIT 32.1

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 on Form 10-Q of First Choice Healthcare Solutions, Inc. (the "Company"), as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Christian C. Romandetti, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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 such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: */s/ CHRISTIAN C. ROMANDETTI*
Christian C. Romandetti
Chief Executive Officer

Dated: May 15, 2015

EXHIBIT 32.2

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 on Form 10-Q of First Choice Healthcare Solutions, Inc. (the "Company"), as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Donald Bittar, the Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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.

Dated: May 15, 2015

By: */s/ DONALD BITTAR*
Donald Bittar
Interim Chief Financial Officer