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: **September 30, 2017**

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, 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, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 November 3, 2017, there were 26,873,538 shares outstanding of the registrant's Common Stock.

PART I

ITEM 1. FINANCIAL STATEMENTS

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets		
Cash (amounts related to VIE of $1,118,749 and $708,858)	$ 2,695,482	$ 4,593,638
Cash -restricted (amounts related to VIE of $6,522,191)	6,522,191	—
Accounts receivable, net (amounts related to VIE of $6,131,720 and $6,010,961)	11,119,757	9,536,830
Employee loans (amounts related to VIE of $490,900 and $491,850)	1,129,131	820,341
Prepaid and other current assets (amounts related to VIE of $418,435 and $329,427)	646,184	422,512
Total current assets	22,112,745	15,373,321
Property, plant and equipment, net of accumulated depreciation of $1,640,400 and $1,165,219 (amounts related to VIE of $506,621 and $693,629)	2,353,150	2,544,816
Other assets (amounts related to VIE of $921,470 and $921,470)	3,956,649	4,227,957
Total assets	$ 28,422,544	$ 22,146,094
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses (amounts related to VIE of $1,867,340 and $1,366,143)	$ 2,499,396	$ 2,083,231
Accounts payable, related party (amount related to VIE of $251,588)	251,588	251,588
AMT tax payable	181,029	181,029
Settlement payable, due to non-controlling interest (amount related to VIE of $6,521,655)	6,521,655	—
Line of credit, short term (amount related to VIE of $440,024 and $439,524)	1,540,024	1,539,524
Notes payable, current portion	158,518	519,452
Unearned revenue	44,638	26,936
Deferred rent, short term portion (amount related to VIE of $45,203 and $237,923)	105,171	237,923
Total current liabilities	11,302,019	4,839,683
Long term debt:		
Deposits held	41,930	41,930
Notes payable, long term portion	64,583	14,531
Deferred rent, long term portion (amount related to VIE of $2,484,558 and $2,214,909)	2,556,515	2,293,594
Total long term debt	2,663,028	2,350,055
Total liabilities	13,965,047	7,189,738
Equity		
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, 26,828,538 and 24,631,327 shares issued; 26,699,847 and 24,631,327 shares outstanding as of September 30, 2017 and December 31, 2016, respectively	26,829	24,631
Additional paid in capital	24,492,194	24,020,610
Treasury stock, 128,691 and 0 common shares, at cost, respectively	(187,121)	—
Accumulated deficit	(10,469,988)	(10,100,534)
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	13,861,914	13,944,707
Non-controlling interest (note 10)	595,583	1,011,649
Total equity	14,457,497	14,956,356
Total liabilities and equity	$ 28,422,544	$ 22,146,094

See the accompanying notes to these unaudited condensed consolidated financial statements

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

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Revenues:				
Patient Service Revenue	$ 7,333,547	$ 7,403,084	$ 22,610,804	$ 21,571,205
Allowance for bad debts	(206,502)	(319,319)	(710,852)	(849,037)
Net patient service revenue less provision for bad debts	7,127,045	7,083,765	21,899,952	20,722,168
Rental Revenue	561,448	585,978	1,723,585	1,842,428
Total Revenue	7,688,493	7,669,743	23,623,537	22,564,596
Operating expenses:				
Salaries and benefits	3,609,494	3,158,172	10,555,321	9,077,783
Other operating expenses	1,855,642	2,255,334	7,016,648	6,729,219
General and administrative	2,592,989	1,555,151	6,147,641	4,783,534
Depreciation and amortization	361,680	195,821	744,592	631,571
Total operating expenses	8,419,805	7,164,478	24,464,202	21,222,107
Net (loss) income from operations	(731,312)	505,265	(840,665)	1,342,489
Other income (expense):				
Gain on sale of property and improvements	—	—	—	9,212,346
Miscellaneous income (expense)	41,153	135,544	144,951	241,213
Amortization financing costs	—	—	—	(15,654)
Interest expense, net	(27,625)	(56,560)	(89,806)	(288,748)
Total other income	13,528	78,984	55,145	9,149,157
Net (loss) income before provision for income taxes	(717,784)	584,249	(785,520)	10,491,646
Income taxes (benefit)	—	—	—	—
Net (loss) income	(717,784)	584,249	(785,520)	10,491,646
Non-controlling interest (note 10)	277,386	(39,309)	416,066	(226,628)
NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	$ (440,398)	$ 544,940	$ (369,454)	$ 10,265,018
Net (loss) income per common share, basic	$ (0.02)	$ 0.02	$ (0.01)	$ 0.43
Net (loss) income per common share, diluted	$ (0.02)	$ 0.02	$ (0.01)	$ 0.38
Weighted average number of common shares outstanding, basic	26,765,021	24,238,613	26,622,335	23,664,723
Weighted average number of common shares outstanding, diluted	26,765,021	27,751,946	26,622,335	26,998,056

See the accompanying notes to these unaudited condensed consolidated financial statements

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	Common stock		Additional			Non-	
	Shares	Amount	Paid in Capital	Treasury Stock	Accumulated Deficit	controlling Interest	Total
Balance, December 31, 2016	24,631,327	24,631	24,020,610	—	(10,100,534)	1,011,649	14,956,356
Common stock issued in settlement of convertible debt, previously accrued	1,866,667	1,867	(1,867)	—	—	—	—
Common stock issued for services rendered	167,044	167	198,206	—	—	—	198,373
Common stock previously issued returned to treasury	(142,500)	(142)	142	—	—	—	—
Purchase of 128,691 shares of Company's common stock at average cost of $1.45 per share	—	—	—	(187,121)	—	—	(187,121)
Stock based compensation	306,000	306	275,103	—	—	—	275,409
Net income	—	—	—	—	(369,454)	(416,066)	(785,520)
Balance, September 30, 2017 (*unaudited)*	26,828,538	$26,829	$24,492,194	$(187,121)	$(10,469,988)	$ 595,583	$14,457,497

See the accompanying notes to these unaudited condensed consolidated financial statements

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

	For the nine months ended September 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) Income	$ (785,520)	$ 10,491,646
Adjustments to reconcile net (loss) income to cash used in operating activities:		
Depreciation and amortization	744,592	631,571
Amortization of financing costs	—	15,654
Bad debt expense	710,852	849,037
Gain on sale of property	—	(9,212,346)
Stock based compensation	473,782	668,591
Changes in operating assets and liabilities:		
Accounts receivable	(2,293,779)	(3,702,212)
Prepaid expenses and other current assets	(223,672)	(129,948)
Restricted funds	—	359,414
Employee loans	(308,790)	(110,716)
Accounts payable and accrued expenses	416,165	(1,718,516)
Settlement payable	—	(600,000)
Deposits	—	(25,502)
Deferred rent	130,169	230,671
Unearned income	17,702	946
Net cash used in operating activities	(1,118,499)	(2,251,710)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property	—	15,113,497
Purchase of equipment	(281,618)	(239,418)
Net cash (used in) provided by investing activities	(281,618)	14,874,079
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) of advances	—	(43,082)
Proceeds from settlement, due to non-controlling interest	6,521,655	—
Proceeds from notes payable	86,713	—
Proceeds from line of credit	500	372,636
Purchase of treasury stock	(187,121)	—
Payments on notes payable	(397,595)	(7,955,886)
Net cash provided by (used in) financing activities	6,024,152	(7,626,332)
Net increase in cash, cash equivalents and restricted cash	4,624,035	4,996,037
Cash and cash equivalents, beginning of period	4,593,638	1,594,998
Cash, cash equivalents and restricted cash, end of period	$ 9,217,673	$ 6,591,035
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 90,386	$ 288,748
Cash paid during the period for taxes	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued in settlement of accrued expenses	$ —	$ 481,900

See the accompanying notes to these unaudited condensed consolidated financial statements

NOTE 1 — 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, 2016, which has been derived from the audited financial statements of First Choice Healthcare Solutions, Inc. ("FCHS" and including, where appropriate, its consolidated subsidiaries and entities in which we have a controlling financial interest, the "Company"), and (b) the unaudited condensed consolidated interim financial statements as of September 30, 2017 and 2016 of the Company (collectively the "Condensed Financials") 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. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity, otherwise the entity is evaluated under the voting interest model.

Accordingly, the Condensed Financials do not include all 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 and nine months ended September 30, 2017 are not necessarily indicative of results that may be expected for the year ending December 31, 2017 or any other period. 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, 2016 included in the Company's Annual Report on Form 10-K/A, filed with the Securities and Exchange Commission (the "SEC") on April 3, 2017.

Basis of Presentation

On April 2, 2012, the Company completed its acquisition of First Choice Medical Group of Brevard, LLC ("FCMG - Brevard"), pursuant to the Membership Interest Purchase Closing Agreement (the "Purchase Agreement").

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").

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.

Brevard Orthopedic Spine & Pain Clinic, Inc.

Effective May 1, 2015, the Company, through its wholly owned subsidiary, TBC Holdings of Melbourne, Inc., entered into an Operating and Control Agreement (the "Control Agreement") with Brevard Orthopaedic Spine & Pain Clinic, Inc. ("The B.A.C.K. Center"), whereby we have sole and exclusive management and control of The B.A.C.K. Center, including, but not limited to, administrative, financial, facility and business operations including the requirement to absorb losses or right to receive economic benefits. We issued 3,000,000 options to purchase our Company's Common Stock at $1.35 per share to The B.A.C.K. Center employees providing specific qualifications are met. The initial term of the Control Agreement relating to the options expired on December 31, 2016, with the Company having the right to extend the term until December 31, 2023. We exercised our option to extend the term until December 31, 2017. Initial discussions are ongoing to extend the term of the agreement until December 31, 2019.

The Control Agreement allows the Company to hold the current or potential rights that give it the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, combined with a variable interest that gives the Company the right to receive potentially significant benefits or the obligation to absorb potentially significant losses. The Company has a controlling financial interest in the VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. When changes occur to the structure of the entity, the Company will reconsider whether it is subject to the VIE model. The Company continuously evaluates whether it has a controlling financial interest in the VIE.

Crane Creek Surgery Center

Effective October 1, 2015, the Company, through its wholly owned subsidiary, CCSC Holdings, Inc., acquired a 40% interest in Crane Creek Surgery Center ("Crane Creek"). In connection with the investment, the Company is entitled to 51% voting rights for all decisions that most significantly affect the economic performance of Crane Creek. The 40% equity interest acquired entitles the Company to 40% of the profit or loss of Crane Creek.

Non-controlling interests relate to the third-party ownership in a consolidated entity in which the Company has a controlling interest. For financial reporting purposes, the entity's assets, liabilities, and operations are consolidated with those of the Company, and the non-controlling interest in the entity is included in the Company's consolidated financial statements as a component of total equity.

The unaudited condensed consolidated financial statements include the accounts of the Company and its direct and indirect wholly owned subsidiaries: Marina Towers, LLC, FCID Medical Inc., TBC Holdings of Melbourne, Inc., First Choice – Brevard, Surgical Partners of Melbourne, Inc. and CCSC Holdings, Inc., along with two VIEs, The B.A.C.K. Center and Crane Creek. All significant intercompany balances and transactions, including those involving the VIEs, have been eliminated in consolidation.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the recoverability and useful lives of long-lived assets, provision against bad debt, the fair value of the Company's stock, and stock-based compensation. Actual results may differ from these estimates.

Revenue recognition

The Company recognizes revenue when: (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 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.

Concentrations of credit risk

The Company's financial instruments that are exposed to a concentration of customer risk and accounts receivable risk. Occasionally, 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. Revenues and accounts receivable are concentrated between two major payers with the approximate risk level outlined below.

Concentration of Risk

Revenue Concentration:				
	Three months ended September 30,			
	2017		2016	
Medicare	33.8	%	31.1	%
Commercial Payor 1	18.0	%	22.0	%
Commercial Payor 2	10.7	%	12.7	%
	Nine months ended September 30,			
	2017		2016	
Medicare	35.7	%	39.8	%
Commercial Payor 1	18.4	%	16.9	%
Commercial Payor 2	11.6	%	12.2	%
Receivable Concentration:				
	September 30, 2017		December 31, 2016	
Medicare	20.6	%	27.0	%
Commercial Payor 1	15.3	%	19.8	%
Commercial Payor 2	13.8	%	11.9	%

Accounts receivables

As of September 30, 2017 and December 31, 2016, the Company's allowance for bad debts was $3,828,132 and $3,680,837, respectively.

Net (loss) income per share

Basic net (loss) income per common share is based upon the weighted-average number of common shares outstanding. Diluted net income per common share is based on the weighted-average number of common shares outstanding and potentially dilutive common shares outstanding and computed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Numerator:				
Net (loss) income	$ (440,398)	$ 544,940	$ (369,454)	$ 10,265,018
Denominator:				
Weighted-average common shares, basic	26,765,021	24,238,613	26,622,335	23,664,723
Weighted-average common shares, diluted	26,765,021	27,751,946	26,622,335	26,998,056
Basic:	$ (0.02)	$ 0.02	$ (0.01)	$ 0.43
Diluted:	$ (0.02)	$ 0.02	$ (0.01)	$ 0.38

The diluted earnings per common share included the effect of 3,333,333 common shares issuable upon the conversion of debt for the three and nine months ended September 30, 2016.The computation excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive common shares from convertible debt and from employee equity plans and issued warrants are determined by applying the treasury stock method to the assumed exercise of warrants and share options are were excluded from the computation of the diluted net income per share because their inclusion would be anti-dilutive. In addition, there were no vested restrict stock for periods presented. Potentially dilutive securities excluded from the basic and diluted net income per share are as follows:

	September 30,	
	2017	2016
Convertible line of credit	800,000	—
Warrants to purchase common stock	1,875,000	4,324,630
Options to purchase common stock	3,000,000	3,000,000
Restricted stock awards	510,000	150.000
	6,185,000	7,474,630

Treasury Stock

The Company uses the cost method when it purchases its own common stock as treasury shares and displays treasury stock as a reduction of shareholders' equity.

Reclassification

Certain reclassifications have been made to prior period's data to conform to the current year's presentation. These reclassifications had no effect on reported income or losses.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09—Revenue from Contracts with Customers (Topic 606). The guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The FASB delayed the effective date to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. In addition, in March and April 2016, the FASB issued new guidance intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. Both amendments permit the use of either a retrospective or cumulative effect transition method and are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early application permitted. The Company is assessing the impact of this new standard on its financial statements and has not yet selected a transition method.

In February 2016, the FASB issued ASU 2016-02—Leases (Topic 842), requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and requires application of the new guidance at the beginning of the earliest comparative period presented. The Company is evaluating the effect that the updated standard will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15—Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance for eight specific cash flow issues with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. The effective date for ASU 2016-15 is for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the impact of this new standard on its financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles – Goodwill and Other (Topic 350). The amendments in this update simplify the test for goodwill impairment by eliminating Step 2 from the impairment test, which required the entity to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities following the procedure that would be required in determining fair value of assets acquired and liabilities assumed in a business combination. The amendments in this update are effective for public companies for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805); Clarifying the Definition of a Business. The amendments in this update clarify the definition of a business to help companies evaluate whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The amendments in this update are effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. We are evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments.

As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception.

Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently reviewing the impact of adoption of ASU 2017-11 on its financial statements.

In November 2016, the FASB issued ASU No. 2016-18, ("ASU 2016-18") *Statement of Cash Flows (Topic 230): Restricted Cash.* This ASU is intended to provide guidance on the presentation of restricted cash or restricted cash equivalents and reduce the diversity in practice. This ASU requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts on the statement of cash flows. We elected as permitted by the standard, to early adopt ASU 2016-18 retrospectively as of January 1, 2017 and have applied to all periods presented herein. The adoption of ASU 2016-18 did not have a material impact to our unaudited condensed consolidated financial statements. The effect of the adoption of ASU 2016-18 on our condensed consolidated statements of cash flows was to include restricted cash balances in the beginning and end of period balances of cash and cash equivalent and restricted cash. The change in restricted cash was previously disclosed in operating activities and financing activities in the condensed consolidated statements of 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 condensed consolidated financial statements, except as disclosed.

NOTE 3 – LIQUIDITY

The Company incurred various non-recurring expenses in 2016 and 2017 in connection with the planned development of its Healthcare Services Business. Management believes continued growth of earnings before interest, taxes, depreciation and amortization in 2017 will support improved liquidity.

The Company believes that the current cash balance and line of credit (see notes), 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 at least one year from the filing of this report.

However, in order to execute the Company's business development plan, which there can be no assurance we will achieve, 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 4 — OTHER ASSETS

Other assets are comprised of the following:

	September 30, 2017	December 31, 2016
Goodwill (amount relating to VIE of $899,465)	$ 899,465	$ 899,465
Deferred costs, net of amortization of $779,723 and $537,740	2,446,704	2,688,687
Patient list, net of accumulated amortization of $110,000 and $95,000	190,000	205,000
Patents, net of accumulated amortization of $71,625 and $57,300	214,875	229,200
Investments (amounts related to VIE of $22,005)	22,005	22,005
Deferred tax asset	181,029	181,029
Deposits	2,571	2,571
Total other assets	$ 3,956,649	$ 4,227,957

NOTE 5 — LINES OF CREDIT

Line of credit, CT Capital

FCMG - 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 $2,500,000 to FCMG - Brevard with an interest rate of 6% per annum (the “Loan”). Interest is due and payable monthly. The Lender may convert up to $2,000,000 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.

On March 30, 2017, the Company’s Loan and Security Agreement with CT Capital, Ltd. (“Lender”) was amended to extend the Maturity Date to June 30, 2018 (the “Loan”) and further provide that neither the Company nor Lender shall effectuate any conversion of the Loan to the extent that after giving effect to any such conversion, the Lender would beneficially own in excess of 9.99% of the number of shares of our Company’s shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of the Loan by the Lender.

As of September 30, 2017 and December 31, 2016, the outstanding balance was $1,100,000 and the remaining principal amount the Lender can convert into common stock is $600,000, subject to the limitations set forth above. The balance available on the line of credit is $1,400,000 as of September 30, 2017.

Line of credit, Florida Business Bank

The B.A.C.K. Center is a party to a Promissory Note (the “Loan Agreement”) with Florida Business Bank, a Florida banking corporation (the “Lender”). Under the Loan Agreement, the Lender committed to make an accounts receivable line of credit in the maximum aggregate amount of $1,383,000 (as amended), with an interest rate of Prime floating plus 1.0%, as published in *The Wall Street Journal*, with a floor of 2.75% per annum (the “Loan”) (as amended).

Interest shall be due and payable monthly and principal is due on demand. The outstanding principal balance plus all accrued but unpaid interest shall be due on demand (the “Maturity Date”). Upon default, the interest may be adjusted to the highest rate permissible by law.

The Loan is secured by all assets of The B.A.C.K. Center now owned or hereafter acquired. The assets 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: 60% of eligible accounts receivables. Eligible receivables include all Medicare and Medicaid receivables less than 90 days old multiplied by a factor of 0.25, plus all other receivables less than 90 days old multiplied by a factor of 0.50. As of September 30, 2017, The B.A.C.K. Center had not violated the loan covenants.

The obligations of The B.A.C.K Center under the Loan Agreement are guaranteed by the shareholders of The B.A.C.K. Center. The Loan Agreement is also guaranteed in the amount of $950,000 by related parties of The B.A.C.K. Center. As of September 30, 2017 and December 31, 2016, the outstanding balance on the Loan was $440,024 and $439,524, respectively.

NOTE 6 — RESTRICTED CASH /SETTLEMENT PAYABLE

During the nine months ended September 30, 2017, the Company received $6,521,655 proceeds from a settlement claim filed under The B.A.C.K. Center. The claim relates to events prior to the Company taking control under the control agreement and is payable to The B.A.C.K. Center's non-controlling interests. The initial settlement as well as any interest or dividends earned on the cash is classified as restricted cash.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

Litigations, Claims and Assessments

From time to time, we may become involved in lawsuits and legal proceedings which arise in the ordinary course of business including potential disputes with patients. 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. Our contracts with hospitals generally require us to indemnify them and their affiliates for losses resulting from the negligence of our physicians. Currently, we have no pending litigation that is deemed to be material.

NOTE 8 — CAPITAL STOCK

During the nine months ended September 30, 2017, the Company issued an aggregate of 306,000 shares of its common stock to officers, employees and service providers at an aggregate fair value of $275,409, which were earned and expensed in 2016.

During the nine months ended September 30, 2017, the Company issued an aggregate of 167,044 shares of its common stock to service providers at an aggregate fair value of $198,373.

During the nine months ended September 30, 2017, the Company issued 1,866,667 shares of its common stock in exchange for $1,400,000 in convertible debt. The value of shares was recorded as a share issuance liability as of December 31, 2016.

During the nine months ended September 30, 2017, the Company returned and canceled 142,500 shares of common stock. The shares were originally issued on July 8, 2015 for services to the Company. As a result of contract cancellation, the shares were returned and canceled.

On July 21, 2017, the Company and Mr. Timothy Skelton entered into a Separation and General Release Agreement. The agreement called for Mr. Skelton to resign from his position as Chief Financial Officer, assist with the preparation of the second quarter 10Q filing and provide consulting services to the incoming Chief Financial Officer. In consideration for the above (now complete) the Company has paid Mr. Skelton $25,000 in cash and awarded 11,100 shares of Common Stock.

Treasury stock

In May 2017, the Board of Directors authorized a share repurchase of up to one million shares of the Corporation's common stock, the "Repurchase Plan". The Repurchase Plan does not have formal end date but will automatically terminate (a) when the aggregate number of shares purchase reach one million shares, (b) two business days after notice of termination, (c) the commencement of any voluntary or involuntary case or other proceeding seeking foregoing and (d) the public announcement of a tender offer or exchange offer for the Company securities of a merger,acquisition, recapitalization or other similar business combination which as a result the Company's equity securities would be exchanged for or converted into cash, securities or other property.

Share repurchases under this authorization may be made in the open market through unsolicited or solicited privately negotiated transactions, or in such other appropriate manner, and may be funded from available cash and the revolving credit facility. The amount and timing of the repurchases, if any, would be determined by the Corporation's management and would depend on a variety of factors including price, corporate and regulatory requirements, capital availability and other market conditions. Common stock acquired through the stock repurchase program would be held as treasury shares and may be used for general corporate purposes, including reissuances in connection with acquisitions, employee stock option exercises or other employee stock plans. As of September 30, 2017 the Company had purchased 128,691 shares at an average purchase price of $1.45 per share, for aggregate proceeds of $187,121.

NOTE 9 — STOCK OPTIONS, WARRANTS AND RESTRICTED STOCK UNITS

Restricted Stock Units ("RSU")

The following table summarizes the restricted stock activity for the nine months ended September 30, 2017:

Restricted shares units issued as of December 31, 2016	660,000
Granted	—
Forfeited	(150,000)
Total Restricted Shares Issued at September 30, 2017	510,000
Vested at September 30, 2017	—
Unvested restricted shares as of September 30, 2017	510,000

At September 30, 2017, the Company determined that there is a 100% probability the performance based restricted stock units will be earned. The fair value of all restricted stock units vesting during the three and nine months ended September 30, 2017 of $148,761 and $275,408, respectively, was charged to current period operations. Stock-based compensation expense related to restricted stock units was $-0- for the three and nine months ended September 30, 2016.

As of September 30, 2017, stock-based compensation related to restricted stock awards of $790,416 remains unamortized and is expected to be amortized over the weighted average remaining period of 4.23 years.

NOTE 10 — VARIABLE INTEREST ENTITY

Brevard Orthopaedic Spine & Pain Clinic, Inc.

Effective May 1, 2015, the Company, through its wholly owned subsidiary, TBC Holdings of Melbourne, Inc., entered into the Control Agreement with The B.A.C.K. Center, whereby we have sole and exclusive management and control of The B.A.C.K. Center, including, but not limited to, administrative, financial, facility and business operations including the requirement to absorb losses or right to receive economic benefits. We issued 3,000,000 options to purchase our Company's Common Stock at $1.35 per share with vesting contingent on The B.A.C.K. Center employees signing employment contracts with First Choice – Brevard. The initial term of the Agreement relating to the options expired on December 31, 2016, with the Company having the right to extend the term until December 31, 2023. We exercised our option to extend the term until December 31, 2017. Initial discussions are ongoing to extend the term of the agreement until December 31, 2019.

The Company has determined that The B.A.C.K. Center is a Variable Interest Entity ("VIE"). In evaluating whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and the Company's decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, the Company evaluates all of its economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's structure, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have potential to be economically significant.

The evaluation of each of these factors in reaching a conclusion about the potential significance of the Company's economic interests is a matter that requires the exercise of professional judgment. The assets of The B.A.C.K. Center can only be used to settle obligations of the VIE, additionally, creditors of The B.A.C.K. Center do not have recourse against the general credit of the primary beneficiary.

The tables below summarize the assets and liabilities associated with The B.A.C.K. Center as of September 30, 2017 and December 31, 2016:

	September 30, 2017	December 31, 2016
Current assets:		
Cash	$ 7,245,821	$ 355,491
Accounts receivable, net	5,102,122	4,830,054
Other current assets	751,707	691,847
Total current assets	13,099,650	5,877,392
Property and equipment, net	82,232	70,444
Other assets	22,005	22,005
Total assets	$ 13,203,887	$ 5,969,841
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,057,841	$ 904,684
Settlement payable-due to non-controlling interest	6,521,655	
Due to First Choice Healthcare Solutions, Inc.	3,351,734	2,867,539
Other current liabilities	485,227	677,446
Total current liabilities	11,416,457	4,449,669
Long term debt	1,926,116	1,658,858
Total liabilities	13,342,573	6,108,527
Non-controlling interest	(138,686)	(138,686)
Total liabilities and deficit	$ 13,203,887	$ 5,969,841

Total revenues from The B.A.C.K. Center were $3,416,530 and $10,386,645 for the three and nine months ended September 30, 2017. Related expenses consisted primarily of salaries and benefits of $1,646,473 and $5,179,937, other operating expense of $159,917 and $1,836,422, general and administrative expenses of $1,371,014 and $2,750,752, depreciation of $7,256 and $19,656, interest and financing costs of $4,255 and $12,640; and other income of $37,731 and $129,082 for the three and nine months ended September 30, 2017, respectively. (See Note 12 – Segment Reporting)

Total revenues from The B.A.C.K. Center were $3,367,244 and $10,322,402 for the three and nine months ended September 30, 2016. Related expenses consisted primarily of salaries and benefits of $1,571,955 and $4,792,576, general and administrative expenses of $652,858 and $2,145,665, depreciation of $6,281 and $17,497, interest and financing costs of $3,590 and $9,667; and other income of $133,383 and $234,614 for the three and nine months ended September 30, 2016, respectively. (See Note 12 – Segment Reporting)

Crane Creek Surgery Center

Effective October 1, 2015, the Company, through its then newly formed wholly owned subsidiary, CCSC Holdings, Inc., acquired a 40% interest in Crane Creek Surgery Center ("Crane Creek").

In connection with the investment, the Company is entitled to 51% voting rights for all decisions that most significantly affect the economic performance of Crane Creek. The 40% equity interest acquired entitles the Company to 40% of the profit or loss of Crane Creek.

The Company has determined that Crane Creek is a Variable Interest Entity ("VIE") . In evaluating whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and the Company's decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders.

This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, the Company evaluates all of its economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's structure, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of the Company's economic interests is a matter that requires the exercise of professional judgment.

The assets of Crane Creek can only be used to settle obligations of the VIE, additionally, creditors of the Crane Creek do not have recourse against the general credit of the primary beneficiary.

The tables below summarize the assets and liabilities associated with the Crane Creek as of September 30, 2017 and December 31, 2016:

	September 30, 2017	December 31, 2016
Current assets:		
Cash	$ 395,119	$ 353,367
Accounts receivable, net	1,029,598	1,180,907
Other current assets	157,628	129,430
Total current assets	1,582,345	1,663,704
Property and equipment, net	424,389	623,185
Goodwill	899,465	899,465
Total assets	$ 2,906,199	$ 3,186,354
Current liabilities:		
Accounts payable and accrued liabilities	$ 810,428	$ 461,489
Capital leases, short term	11,852	
Other current liabilities	251,588	251,588
Total current liabilities	1,073,868	713,077
Capital leases, long term	50,106	—
Deferred rent	558,442	556,051
Total liabilities	1,682,416	1,269,128
Equity-First Choice Healthcare Solutions, Inc.	489,514	766,891
Non-controlling interest	734,269	1,150,335
Total liabilities and deficit	$ 2,906,199	$ 3,186,354

Total revenues from Crane Creek were $1,003,781 and $3,442,458 for the three and nine months ended September 30, 2017. Related expenses consisted primarily of salaries and benefits of $286,526 and $878,033, practice supplies and operating expenses of $863,920 and $2,591,174, general and administrative expenses of $123,091 and $427,454, depreciation of $193,853 and $250,147, interest expense of $1,373 and $2,712 and miscellaneous income of $2,672 and $13,619 for the three and nine months ended September 30, 2017, respectively. (See Note 12 – Segment Reporting)

Total revenues from Crane Creek were $1,125,839 and $3,843,200 for the three and nine months ended September 30, 2016. Related expenses consisted primarily of salaries and benefits of $310,338 and $917,731, practice supplies and operating expenses of $609,164 and $2,149,071, general and administrative expenses of $106,799 and $341,967, depreciation of $35,434 and $84,446, interest expense of $-0- and $10,087, gain on sale of equipment of $-0- and $23,378 and miscellaneous income of $1,411 and $4,349 for the three and nine months ended September 30, 2016, respectively. (See Note 12 – Segment Reporting)

NOTE 11 — NON-CONTROLLING INTEREST

Effective May 1, 2015, the Company, through its wholly owned subsidiary, TBC Holdings of Melbourne, Inc., entered into an Operating and Control Agreement (the Agreement") with Brevard Orthopaedic Spine & Pain Clinic, Inc. ("The B.A.C.K. Center"), whereby we have sole and exclusive management and control of The B.A.C.K. Center, including, but not limited to, administrative, financial, facility and business operations including the requirement to absorb losses or right to receive economic benefits. We issued 3,000,000 options to purchase our Company's Common Stock at $1.35 per share with vesting contingent on The B.A.C.K. Center employees signing employment contracts with First Choice – Brevard. The initial term of the Agreement relating to the options expired on December 31, 2016, with the Company having the right to extend the term until December 31, 2023. We exercised our option to extend the term until December 31, 2017. Initial discussions are ongoing to extend the term of the agreement until December 31, 2019.

A reconciliation of the non-controlling income attributable to the Company:

Net income attributable to non-controlling interest for the three months ended September 30, 2017:

Net income	$	192,667
Average Non-controlling interest percentage of profit/losses		-0-%
Net income attributable to the non-controlling interest	$	-0-

Net income attributable to non-controlling interest for the nine months ended September 30, 2017:

Net income	$	482,046
Average Non-controlling interest percentage of profit/losses		-0-%
Net income attributable to the non-controlling interest	$	-0-

Net income attributable to non-controlling interest for the three months ended September 30, 2016:

Net income	$	345,835
Average Non-controlling interest percentage of profit/losses		-0-%
Net income attributable to the non-controlling interest	$	-0-

Net income attributable to non-controlling interest for the nine months ended September 30, 2016:

Net income	$	807,834
Average Non-controlling interest percentage of profit/losses		-0-%
Net income attributable to the non-controlling interest	$	-0-

The following table summarizes the changes in non-controlling interest from December 31, 2016 through September 30, 2017:

Balance, December 31, 2016	$	(138,686)
Transfer (to) from the non-controlling interest as a result of change in ownership		—
Net income attributable to the non-controlling interest		—
Balance, September 30, 2017	$	(138,686)

Effective October 1, 2015, the Company, through its wholly owned subsidiary, CCSC Holdings, Inc., acquired a 40% interest in Crane Creek Surgery Center ("Crane Creek"). In connection with the investment, the Company is entitled to 51% voting rights for all decisions that most significantly affect the economic performance of Crane Creek. The 40% equity interest acquired entitles the Company to 40% of the profit or loss of Crane Creek.

A reconciliation of the non-controlling income attributable to the Company:

Net loss attributable to non-controlling interest for the three months ended September 30, 2017:

Net loss	$	(462,310)
Average Non-controlling interest percentage of profit/losses		60%
Net income/loss attributable to the non-controlling interest	$	(277,386)

Net loss attributable to non-controlling interest for the nine months ended September 30, 2017:

Net loss	$	(693,443)
Average Non-controlling interest percentage of profit/losses		60%
Net income/loss attributable to the non-controlling interest	$	(416,066)

Net income attributable to non-controlling interest for the three months ended September 30, 2016:

Net income	$	65,516
Average Non-controlling interest percentage of profit/losses		60%
Net income/loss attributable to the non-controlling interest	$	39,310

Net income attributable to non-controlling interest for the nine months ended September 30, 2016:

Net income	$	377,714
Average non-controlling interest percentage of profit/losses		60%
Net income/loss attributable to the non-controlling interest	$	226,629

The following table summarizes the changes in non-controlling interest from December 31, 2016 through September 30, 2017:

Balance, December 31, 2016		1,150,335
Transfer (to) from the non-controlling interest as a result of change in ownership		—
Net income attributable to the non-controlling interest		(416,066)
Balance, September 30, 2017	$	734,269

NOTE 12 — 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 three reportable segments: FCID Medical, Inc., The B.A.C.K. Center and CCSC Holdings, Inc. ("CCSC").

All reportable segments derive revenue for medical services provided to patients; and The B.A.C.K Center additionally derives revenue for subleasing space within its building and medical services provided to patients. With the aforementioned sale and leaseback of Marina Towers on March 31, 2016, the Company will no longer report segmented rental revenue received from third-party Marina Tower tenants under the segment heading "Marina Towers." Rather, the Company has consolidated rental revenue received from third-party tenants of Marina Towers under the "Corporate" segment for both the 2017 and 2016 comparable reporting periods; and will continue to do so hereafter.

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

Summary Statement of Loss for the three months ended September 30, 2017:

	FCID Medical	Brevard. Orthopaedic	CCSC	Corporate	Intercompany Eliminations	Total
Revenue:						
Net Patient Service Revenue	$3,026,457	$3,096,807	$1,003,781	$ —	$ —	$7,127,045
Rental revenue	—	319,723		425,433	(183,708)	561,448
Total Revenue	3,026,457	3,416,530	1,003,781	425,433	(183,708)	7,688,493
Operating expenses:						
Salaries & benefits	1,379,579	1,646,473	286,526	296,916	—	3,609,494
Other operating expenses	600,242	159,917	863,920	401,860	(170,297)	1,855,642
General and administrative	702,849	1,371,014	123,091	409,446	(13,411)	2,592,989
Depreciation and amortization	75,009	7,256	193,853	85,562	—	361,680
Total operating expenses	2,757,679	3,184,660	1,467,390	1,193,784	(183,708)	8,419,805
Net income (loss) from operations:	268,778	231,870	(463,609)	(768,351)	—	(731,312)
Interest income (expense)	(22,138)	(4,255)	(1,373)	141	—	(27,625)
Other income (expense)	—	37,731	2,672	750	—	41,153
Net Income (loss) before income taxes:	246,640	265,346	(462,310)	(767,460)	—	(717,784)
Income taxes	—			—	—	—
Net income (loss)	246,640	265,346	(462,310)	(767,460)	—	(717,784)
Non-controlling interest	—	—	277,386	—	—	277,386
Net income (loss) attributable to First Choice Healthcare Solutions	$ 246,640	$ 265,346	$ (184,924)	$ (767,460)	$ —	$ (440,398)

Summary Statement of Loss for the nine months ended September 30, 2017:

	FCID Medical	Brevard. Orthopaedic	CCSC	Corporate		Total
Revenue:						
Net Patient Service Revenue	$9,074,335	$ 9,383,159	$3,442,458	$ —	$ —	$21,899,952
Rental revenue	—	1,003,486		1,300,550	(580,451)	1,723,585
Total Revenue	9,074,335	10,386,645	3,442,458	1,300,550	(580,451)	23,623,537
Operating expenses:						
Salaries & benefits	3,717,528	5,179,937	878,033	779,823		10,555,321
Other operating expenses	1,896,333	1,836,422	2,591,174	1,230,797	(538,078)	7,016,648
General and administrative	1,848,132	2,750,752	427,454	1,163,676	(42,373)	6,147,641
Depreciation and amortization	218,230	19,656	250,147	256,559	—	744,592
Total operating expenses	7,680,223	9,786,767	4,146,808	3,430,855	(580,451)	24,464,202
Net income (loss) from operations:	1,394,112	599,878	(704,350)	(2,130,305)	—	(840,665)
Interest income (expense)	(74,439)	(12,640)	(2,712)	(15)	—	(89,806)
Other income (expense)	—	129,082	13,619	2,250	—	144,951
Net Income (Loss) before income taxes:	1,319,673	716,320	(693,443)	(2,128,070)	—	(785,520)
Income taxes	—			—	—	—
Net income (Loss)	1,319,673	716,320	(693,443)	(2,128,070)	—	(785,520)
Non-controlling interest	—	—	416,066	—	—	416,066
Net income (loss) attributable to First Choice Healthcare Solutions	$1,319,673	$ 716,320	$ (277,377)	$(2,128,070)	$ —	$ (369,454)

Summary Statement of Income for the three months ended September 30, 2016:

	FCID Medical	Brevard Orthopaedic	The Crane Center	Corporate	Intercompany Eliminations	Total
Revenue:						
Net Patient Service Revenue	$2,940,370	$3,017,556	$1,125,839	$ —	$ —	$7,083,765
Rental revenue	—	349,688		626,130	(389,840)	585,978
Total Revenue	2,940,370	3,367,244	1,125,839	626,130	(389,840)	7,669,743
Operating expenses:						
Salaries & benefits	897,173	1,571,955	310,338	378,706	—	3,158,172
Other operating expenses	772,723	849,845	609,164	413,442	(389,840)	2,255,334
General and administrative	407,039	652,858	106,799	388,455	—	1,555,151
Depreciation and amortization	68,670	6,281	35,434	85,436	—	195,821
Total operating expenses	2,145,605	3,080,939	1,061,735	1,266,039	(389,840)	7,164,478
Net income (loss) from operations:	794,765	286,305	64,104	(639,909)	—	505,265
Interest income (expense)	(53,521)	(3,590)	—	551	—	(56,560)
Other income (expense)	—	133,383	1,411	750	—	135,544
Net Income (loss) before income taxes:	741,244	416,098	65,515	(638,608)	—	584,249
Income taxes	—			—	—	—
Net income (loss)	741,244	416,098	65,515	(638,608)	—	584,249
Non-controlling interest	—	—	(39,309)	—	—	(39,309)
Net income (loss) attributable to First Choice Healthcare Solutions	$ 741,244	$ 416,098	$ 26,206	$ (638,608)	$ —	$ 544,940

Summary Statement of Income for the nine months ended September 30, 2016:

	FCID Medical	Brevard Orthopaedic	The Crane Center	Corporate	Intercompany Eliminations	Total
Revenue:						
Net Patient Service Revenue	$7,626,705	$ 9,252,263	$3,843,200	$ —	$ —	$20,722,168
Rental revenue	—	1,070,139		1,321,862	(549,573)	1,842,428
Total Revenue	7,626,705	10,322,402	3,843,200	1,321,862	(549,573)	22,564,596
Operating expenses:						
Salaries & benefits	2,597,839	4,792,576	917,731	769,637	—	9,077,783
Other operating expenses	1,631,706	2,563,080	2,149,071	934,935	(549,573)	6,729,219
General and administrative	1,090,665	2,145,665	341,967	1,205,237	—	4,783,534
Depreciation and amortization	203,369	17,497	84,446	326,259	—	631,571
Total operating expenses	5,523,579	9,518,818	3,493,215	3,236,068	(549,573)	21,222,107
Net income (loss) from operations:	2,103,126	803,584	349,985	(1,914,206)	—	1,342,489
Interest income (expense)	(165,144)	(9,667)	(10,087)	(103,850)	—	(288,748)
Amortization of financing costs	—	(1,317)	—	(14,337)	—	(15,654)
Gain on sale of property	—	—	23,378	9,188,968	—	9,212,346
Other income (expense)	—	234,614	4,349	2,250	—	241,213
Net Income (loss) before income taxes:	1,937,982	1,027,214	367,625	7,158,825	—	10,491,646
Income taxes	—			—	—	—
Net income (loss)	1,937,982	1,027,214	367,625	7,158,825	—	10,491,646
Non-controlling interest	—	—	(226,628)	—	—	(226,628)
Net income (loss) attributable to First Choice Healthcare Solutions	$1,937,982	$ 1,027,214	$ 140,997	$ 7,158,825	$ —	$10,265,018

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.

Overview

First Choice Healthcare Solutions, Inc. (“FCHS,” “the Company,” “we,” “our” or “us”) is implementing the second phase of a defined growth strategy aimed at building a network of localized, integrated healthcare delivery platforms in key expansion markets throughout the Southeastern U.S. Our flagship platform in Melbourne, Florida is comprised of non-physician-owned medical centers of excellence, which concentrate on treating patients in the following specialties: Orthopaedics, Spine Surgery, Neurology and Interventional Pain Management; and provide a robust offering of related diagnostic and ancillary services – all centrally located in a geographic region.

Successful implementation of our first phase allowed us to confirm that by integrating the synergistic mix of Orthopaedic, Spine Surgery, Neurology and Interventional Pain specialties with related diagnostic and ancillary services and state-of-the-art equipment and technologies across legacy brick-and-mortar boundaries, we are able to effectively:

- provide patients with direct and convenient access to musculoskeletal and rehabilitative care via our best-in-class team of surgeons, physicians and care specialists, and wide array of ancillary and diagnostic services, which includes, but is not limited to, magnetic resonance imaging (“MRI”), X-ray (“X-ray”), durable medical equipment (“DME”) and rehabilitative care, including physical therapy (“PT”) and occupational therapy (“OT”).

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

- advance the quality and cost effectiveness of our patients’ healthcare, thereby achieving faster recoveries at materially reduced cost to payors; and

- 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 region 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 achieve 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. As of September 30, 2017, we had 166 employees, including 13 doctors and nine physician assistants.

Our Healthcare Services Business

We have operated as First Choice Healthcare Solutions, Inc., a Delaware corporation, since February 13, 2012. Our corporate address is 709 S. Harbor City Blvd., Suite 530, Melbourne, Florida, 32901 and our phone number is 321-725-0090. Our corporate website address is www.myfchs.com. Information contained in our website is not incorporated by reference herein. In 2016, we operated our business through seven wholly owned subsidiaries; and in 2017, we have operated our business through five wholly owned subsidiaries.

- FCID Medical, Inc. ("FCID Medical") is the subsidiary under which we wholly own and operate First Choice Medical Group of Brevard, LLC ("FCMG"), our original Medical Center of Excellence located in Melbourne, Florida. First Choice Medical Group specializes in the delivery of Orthopaedic, Sports Medicine, Neurology and Interventional Pain Medicine, as well as diagnostic and ancillary services. The web site is www.myfcmg.com.

- TBC Holdings of Melbourne, Inc. ("TBC Holdings") is our wholly owned subsidiary that operates and controls Brevard Orthopaedic Spine & Pain Clinic, Inc., d/b/a The B.A.C.K. Center ("TBC"). Pursuant to an Operation and Control Agreement with The B.A.C.K. Center, TBC Holdings exercises effective control over the business of TBC to treat it as a Variable Interest Entity in accordance with FASB and ASC, effective May 1, 2015. As a result, we include the financial results of TBC in our consolidated financial statements in accordance with GAAP. TBC specializes in Orthopaedic Spine Surgery and Interventional Pain Management, and its website is www.thebackcenter.net.

In addition, TBC subleases 29,629 square feet of commercial office space to affiliated and non-affiliated tenants, including 18,828 square feet to Crane Creek Surgery Center ("CCSC"), located at 2222 South Harbor City Boulevard, Melbourne, Florida 32901, which is also TBC's main medical practice location.

- CCSC Holdings, Inc. ("CCSC Holdings") is our wholly owned subsidiary which acquired a 40% interest in Crane Creek Surgery Center ("CCSC"). The other owners are CCSC TBC Group, LLC, owned by Richard Hynes, M.D., FASC and Devin Datta, M.D.; and Blue Chip Crane Creek Investments, LLC, owned by NueHealth, LLC, which develops and manages world class ambulatory surgery centers and specialty hospitals across the United States. Dr. Hynes and Dr. Datta are both affiliated with The B.A.C.K. Center. Pursuant to the CCSC Restated and Amended Operating Agreement, CCSC Holdings now exercises sufficient control over the business of CCSC to treat it as a Variable Interest Entity in accordance with FASB and ASC, effective October 1, 2015. As a result, we include the financial results of CCSC in our consolidated financial statements in accordance with GAAP. CCSC is an AAAHC accredited facility dedicated to delivering excellent ambulatory care in a convenient, comfortable outpatient environment, and its website is www.cranecreeksurgerycenter.com.

- Up until its sale and leaseback on March 31, 2016, Marina Towers, a 78,000 square foot, Class A, six-story building located on the Indian River in Melbourne, Florida, was owned by our wholly owned subsidiaries, FCID Holdings, Inc. (“FCID Holdings”), which held 99% ownership, and MTMC of Melbourne, Inc., which held 1% ownership. On March 31, 2016, we completed the sale of Marina Towers to Global Medical REIT Inc. for a purchase price of $15.45 million. In addition, our wholly owned subsidiary, Marina Towers, LLC, leased back the entire facility via a 10-year absolute triple-net master lease agreement that will expire in 2026 and has two successive options to renew the lease for five-year periods on the same terms and conditions as the primary lease term with the exception of rent, which will be adjusted to the prevailing market rent at renewal and will escalate in successive years during the extended lease period. In September 2016, both FCID Holdings and MTMC of Melbourne were dissolved and Marina Towers, LLC became wholly owned by First Choice Healthcare Solutions, Inc. Marina Towers subleases 38,334 square feet of commercial office space to non-affiliated tenants.

Results of Operations for the Three Months Ended September 30, 2017 and 2016

Revenues

Total revenues increased 0.2% to $7,688,493 for the three months ended September 30, 2017 as compared to revenues of $7,669,743 for the same period in the prior year. The increase is primarily attributed by an increase in patient services revenue generated by First Choice Medical Group (“FCMG”), which increased by $86,087, or 3%, after factoring provision for doubtful accounts. In addition, Brevard Orthopedic Spine & Pain Clinic, Inc. (“The B.A.C.K. Center”) patient services revenue increased by $79,251 or 2.6% and Crane Creek Surgical Center (“Crane Creek”) declined by $122,058 or 11% for the same period last year. Rental revenue decreased by $24,530, totaling $561,448 and $585,978 for the three months ended September 30, 2017 and 2016, respectively.

During the three months ended September 30, 2017, the Company’s operations were negatively impacted by hurricane Irma. Our operations were shut down for four days as the area restored power. The Company estimates revenues were negatively impacted between $475,000 and $1.1 million, or approximately $118,750 per day. The estimated range is based on the days our facilities were closed along with a significant increase in cancelation of procedures leading up to hurricane and following the hurricane as patients left the area due to a state ordered evacuation.

The provision for doubtful accounts during the second quarter of 2017 totaled $206,502, which represents 2.8% of patient service revenue.

Operating Expenses

Operating expenses include the following:

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
Salaries and benefits	$ 3,609,494	$ 3,158,172
Other operating expenses	1,855,642	2,255,334
General and administrative	2,592,989	1,555,151
Depreciation and amortization	361,680	195,821
Total operating expenses	$ 8,419,805	$ 7,164,478

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 increased 14% to $3,609,494 for the three months ended September 30, 2017, compared to $3,158,172 for the three months ended September 30, 2016. The increase was primarily due to the addition of physicians, physician assistants and physical therapy professional personnel in the later part of 2016 and 2017. Other operating expenses decreased 18% to $1,855,642 from $2,255,334 due to the tighter cost controls relating to increase in patient service volume from 2016 to 2017.

General and administrative and other operating expenses increased 16.7% to $4,448,631 for the three months ended September 30, 2017 as compared to $3,810,485 for the three months ended September 30, 2016. The increase is primarily due to increased medical supply costs at the Crane Creek Surgery Center and the costs associated with the expansion of our physical therapy centers and our ancillary service offering.

Depreciation and amortization increased 85% from $195,821 reported for the three months ended September 30, 2016 to $361,680 reported for the three months ended September 30, 2017. The increase is primarily due depreciation expense at the Company's CCSC VIE recording catch up depreciation on certain assets. The net impact attributable to First Choice Healthcare Solutions shareholders is approximately $67,000.

Net Income (Loss) from Operations

The net (loss) income from operations was $(731,312) compared to $505,265 for the same period in 2016, a decrease of 245%.

Interest Expense

Interest expense decreased 51% to $27,625 for the three months ended September 30, 2017, which compared to $56,560 for the three months ended September 30, 2016. The decrease primarily is due to reduction in notes and a reduction of 56% of the accounts receivable line of credit with CT Capital at the end of 2016 as compared to the same period last year.

Net (Loss) Income attributable to FCHS Shareholders

As a result of all the above, we reported net loss of $(440,398) for the three months ended September 30, 2017 as compared to net income from $544,940 reported for the same three-month period in the prior 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 September 30, 2017 and 2016, respectively.

With the aforementioned sale and leaseback of Marina Towers on March 31, 2016, the Company will no longer report segmented rental revenue received from third party Marina Tower tenants under the segment heading "Marina Towers." Rather, the Company has consolidated rental revenue received from third party tenants of Marina Towers under the "Corporate" segment for both the 2017 and 2016 comparable reporting periods; and will continue to do so hereafter.

For the Three Months Ended September 30, 2017:

	FCID Medical	Brevard. Orthopaedic	CCSC	Corporate	Intercompany Eliminations	Total
Revenue:						
Net Patient Service Revenue	$3,026,457	$3,096,807	$1,003,781	$ —	$ —	$7,127,045
Rental revenue	—	319,723		425,433	(183,708)	561,448
Total Revenue	3,026,457	3,416,530	1,003,781	425,433	(183,708)	7,688,493
Total operating expenses	2,757,679	3,184,660	1,467,390	1,193,784	(183,708)	8,419,805
Net income (loss) from operations:	$ 268,778	$ 231,870	$ (463,609)	$ (768,351)	$ —	$ (731,312)

For the Three Months Ended September 30, 2016 :

	FCID Medical	Brevard Orthopaedic	The Crane Center	Corporate	Intercompany Eliminations	Total
Revenue:						
Net Patient Service Revenue	$2,940,370	$3,017,556	$1,125,839	$ —	$ —	$7,083,765
Rental revenue	—	349,688		626,130	(389,840)	585,978
Total Revenue	2,940,370	3,367,244	1,125,839	626,130	(389,840)	7,669,743
Total operating expenses	2,145,605	3,080,939	1,061,735	1,266,039	(389,840)	7,164,478
Net income (loss) from operations:	$ 794,765	$ 286,305	$ 64,104	$ (639,909)	$ —	$ 505,265

Results of Operations for the Nine Months Ended September 30, 2017 and 2016

Revenues

Total revenues increased 5% to $23,623,537 for the nine months ended September 30, 2017 as compared to revenues of $22,564,596 for the same period in the prior year. The increase is primarily attributed by an increase in patient services revenue generated by First Choice Medical Group ("FCMG"), which increased by $1,447,630, or 19%, after factoring provision for doubtful accounts. In addition, Brevard Orthopedic Spine & Pain Clinic, Inc. ("The B.A.C.K. Center") patient services revenue increased by $64,243 and Crane Creek Surgical Center ("Crane Creek") declined by 10% for the same period last year. Rental revenue decreased by $118,843, totaling $1,723,585 and $1,842,428 for the nine months ended September 30, 2017 and 2016, respectively.

During the three months ended September 30, 2017, the Company's operations were negatively impacted by Hurricane Irma. Our operations were shut down for four days as the area restored power. The Company estimates revenues were negatively impacted between $475,000 and $1.1 million, or approximately $118,750 per day. The estimated range is based on the days our facilities were closed along with a significant increase in cancelation of procedures leading up to hurricane and following the hurricane as patients left the area due to a state ordered evacuation.

The provision for doubtful accounts during the nine months ended September 30, 2017 totaled $710,852, which represents 3.2% of patient service revenue.

Operating Expenses

Operating expenses include the following:

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Salaries and benefits	$ 10,555,321	$ 9,077,783
Other operating expenses	7,016,648	6,729,219
General and administrative	6,147,641	4,783,534
Depreciation and amortization	744,592	631,571
Total operating expenses	$ 24,464,202	$ 21,222,107

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 increased 16% to $10,555,321 for the nine months ended September 30, 2017, compared to $9,077,783 for the nine months ended September 30, 2016. The increase was primarily due to the addition of physicians, physician assistants and physical therapy professional personnel in the later part of 2016 and 2017. Other operating expenses increased 4% to $7,016,648 from $6,729,219 due to the increase in patient service volume from 2016 to 2017 stemming from the addition of new personnel and one-time expenses related to setting up two new physical therapy locations approved to open in May 2017.

General and administrative and other operating expenses increased 14.3% to $13,164,289 for the nine months ended September 30, 2017 as compared to $11,512,753 for the nine months ended September 30, 2016. The increase is primarily due to increased medical supply costs at the Crane Creek Surgery Center and the costs associated with the expansion of our physical therapy centers in 2017 as compared to 2016.

Depreciation and amortization increased 18% from $631,571 reported for the nine months ended September 30, 2016 to $744,592 reported for the nine months ended September 30, 2017. The increase is primarily due depreciation expense at the Company's CCSC VIE recording catch up depreciation on certain assets. The net impact attributable to First Choice Healthcare Solutions shareholders is approximately $67,000.

Net Income (Loss) from Operations

The net (loss) income from operations was $(840,665) compared to $1,342,489 for the same period in 2016.

Gain on Sale of Property and Improvements

Effective March 31, 2016, we sold and leased back Marina Towers under a sale/leaseback transaction via a 10-year absolute triple-net master lease agreement that expires in 2026. The Company has two successive options to renew the lease for five-year periods on the same terms and conditions as the primary non-revocable lease term with the exception of rent, which will be adjusted to the prevailing fair market rent at renewal and will escalate in successive years during the extended lease period. In connection with the sale, we reported a one-time gain on sale of property of approximately $9.2 million for the nine months ended September 30, 2016.

Interest Expense

Interest expense decreased 69% to $89,806 for the nine months ended September 30, 2017, which compared to $288,748 for the nine months ended September 30, 2016. The decrease primarily is due to payoff of our Marina Towers mortgage in the first quarter of 2016 and a reduction of 56% of the accounts receivable line of credit with CT Capital at the end of 2016 as compared to the same period last year.

Net (Loss) Income attributable to FCHS Shareholders

As a result of all the above, we reported net loss of $(369,454) for the nine months ended September 30, 2017 as compared to net income from $10,265,018 reported for the same nine-month period in the prior 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 nine months ended September 30, 2017 and 2016, respectively.

With the aforementioned sale and leaseback of Marina Towers on March 31, 2016, the Company will no longer report segmented rental revenue received from third party Marina Tower tenants under the segment heading "Marina Towers." Rather, the Company has consolidated rental revenue received from third party tenants of Marina Towers under the "Corporate" segment for both the 2017 and 2016 comparable reporting periods; and will continue to do so hereafter.

For the Nine Months Ended September 30, 2017:

	FCID Medical	Brevard. Orthopaedic	CCSC	Corporate		Total
Revenue:						
Net Patient Service Revenue	$9,074,335	$ 9,383,159	$3,442,458	$ —	$ —	$21,899,952
Rental revenue	—	1,003,486		1,300,550	(580,451)	1,723,585
Total Revenue	9,074,335	10,386,645	3,442,458	1,300,550	(580,451)	23,623,537
Total operating expenses	7,680,223	9,786,767	4,146,808	3,430,855	(580,451)	24,464,202
Net income (loss) from operations:	$1,394,112	$ 599,878	$ (704,350)	$(2,130,305)	$ —	$ (840,665)

For the Nine Months Ended September 30, 2016:

	FCID Medical	Brevard Orthopaedic	The Crane Center	Corporate	Intercompany Eliminations	Total
Revenue:						
Net Patient Service Revenue	$7,626,705	$ 9,252,263	$3,843,200	$ —	$ —	$20,722,168
Rental revenue	—	1,070,139		1,321,862	(549,573)	1,842,428
Total Revenue	7,626,705	10,322,402	3,843,200	1,321,862	(549,573)	22,564,596
Total operating expenses	5,523,579	9,518,818	3,493,215	3,236,068	(549,573)	21,222,107
Net income (loss) from operations:	$2,103,126	$ 803,584	$ 349,985	$(1,914,206)	$ —	$ 1,342,489

Liquidity and Capital Resources

As of September 30, 2017, we had cash of $2,695,482, restricted cash of $6,522,191 and accounts receivables, net totaling $11,119,757. This compared to cash of $4,593,638 and accounts receivable, net of $9,536,830 as of the end of 2016.

The Company believes that the current cash balance and line of credit (see notes, there is $1,400,000 available as of September 30, 2017), 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 at least one year from the filing of this report.

However, in order to execute the Company's business development plan, which there can be no assurance we will achieve, 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.

Net cash used in our operating activities for the nine months ended September 30, 2017 totaled $1,118,499, which compared to net cash used in our operations for the nine months ended September 30, 2016 of $2,251,710. The decrease in cash used for the nine months ended September 30, 2017 was due primarily to increases in our operating assets of $2,826,241 net with increases in our operating liabilities of $564,036 as compared to $3,583,462 and decrease in our operating liabilities of $2,112,411 for the nine months ended September 30, 2016.

Net cash flows used in investing activities was $281,618 for the nine months ended September 30, 2017, compared to $14,874,079 provided by investing activities for the nine months ended September 30, 2016. In 2016, we received $15,113,497 net proceeds from the sale of Marina Towers. Purchases of equipment were $281,618 and $239,418 for the nine months ended September 30, 2017 and 2016, respectively.

Net cash provided by financing activities was $6,024,152 for nine months ended September 30, 2017, compared to net cash used in financing activities of $7,626,332 for the nine months ended September 30, 2016. The cash flows used in our financing activities were the result of:

	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016
Payments for advances	$ —	$ (43,082)
Proceeds from note payable	86,713	—
Proceeds from line of credit	500	372,636
Proceeds from settlement, due to non-controlling interest	6,521,655	—
Purchase of treasury stock	(187,121)	
Payments on notes payable	(397,595)	(7,955,886)
Net cash provided by (used in) financing activities	$ 6,024,152	$ (7,626,332)

During the nine months ended September 30, 2017, we received $6,521,655 proceeds from a settlement claim filed under The B.A.C.K. Center. The claim relates to events prior to the Company taking control under the management Agreement and is payable to The B.A.C.K. Center's non-controlling interests.

Our aim is to distinguish our Medical Centers of Excellence from our competition by earning our Centers' reputations as premier destinations for clinically superior, patient-centric care which is coordinated across our patients' entire care continuums. By doing so, we deliver more meaningful and collaborative doctor-patient experiences, provide more accurate diagnoses resulting from care coordination, effective treatment plans, faster recoveries, and materially reduced costs.

Based on the dynamic growth taking place on Florida's Space Coast, we are currently estimating that the total market opportunity for Orthopaedic and Spine care approximates $150 million annually, and we are working towards capturing a larger share of that market. In an effort to fully round out our Space Coast Platform, we have begun exploring opportunities to establish the infrastructure necessary to address a patient's end-to-end episode of care by offering both pharmacy and home health services. We are also planning to expand the number of PT/OT centers that we operate to provide greater travel convenience for our patients. Currently, we own and operate one state-of-the-art PT/OT center based in Melbourne. We anticipate that in 2017 we will expand to a total of five centers geographically situated across Brevard County, Florida, which extends 72 miles from north to south on Florida's east coast. Thus far in 2017, we have approval by the State Agency of Healthcare Administration to open two additional centers since May 2017.

Our longer term strategic focus is to grow primarily in select U.S. markets that can accommodate our unique business model. We have estimated there are in excess of 240 locations that might qualify for our model to be implemented. We are now studying and reviewing that list and narrowing it down to the top 10 that we feel would be a good fit to successfully replicating our current Platform. Our growth will be fueled by hiring best-in-class Orthopaedic physicians currently practicing in our target expansion markets. We will identify physicians in those markets that are seeking an alternative to owning and operating their own private practices or being employed by local hospitals. As necessary we will add diagnostic and ancillary services, to include an ambulatory surgery center, MRI, X-Ray, DME and PT/OT will also be added to these platforms.

Our business model is centered on our team of physicians being employees, thereby permitting us to optimize revenue generation from both physicians and ancillary services, while also providing our employed care providers with the ability to utilize our on-site diagnostic and ancillary services. Physician-owned practices, on the other hand, may be subject to prevailing federal regulations (e.g., The Ethics in Patient Referral Act of 1989, as amended; more commonly known as the "Stark Law"), which may limit their ability to refer patients for certain healthcare services provided by entities in which a physician-owner(s) has a financial interest.

We believe that our centralized system of back office operations will continue to allow us to achieve measurable cost and productivity efficiencies as we expand the number of centers and platforms we own and operate. We have specifically designed our centralized back office system to alleviate staff physicians from business administrative responsibilities associated with operating a medical practice or clinic, enabling them to focus strictly on caring for our patients (allowing "Doctors to be Doctors"). This is extremely attractive to physicians who own and manage their own private practices or clinics and devote valuable time and resources towards addressing business concerns – time and resources that might otherwise be spent on treating their patients.

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

Please refer to Note 2-Significant Accounting Policies in the accompanying unaudited condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

See Note 2 to the condensed consolidated financial statements, further management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material 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 September 30, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

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.

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/A for the year ended December 31, 2016.

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

None

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.*

* 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: November 8, 2017	By:	*/s/ Christian C. Romandetti* Christian C. Romandetti Chief Executive Officer (Principal Executive Officer)
Dated: November 8, 2017	By:	*/s/ Phillip J. Keller* Phillip J. Keller 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: */s/ CHRISTIAN C. ROMANDETTI*
Christian C. Romandetti
Chief Executive Officer

November 8, 2017

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 FINANCIAL OFFICER

I, Phillip J. Keller, 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/ Phillip J. Keller*
Phillip J. Keller
Chief Financial Officer
(Principal Accounting Officer)

November 8, 2017

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: November 8, 2017

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, Phillip J. Keller, the 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: November 8, 2017

By: */s/ Phillip J. Keller*
Phillip J. Keller
Chief Financial Officer
(Principal Accounting Officer)