

May 17, 2016



# First Choice Healthcare Solutions Announces Record Results for First Quarter 2016

**Three Month Revenues Climb 189% to \$7.24 Million From \$2.51 Million;  
Adjusted EBITDA Rises 263% to \$1.04 Million From \$285,000;  
Management to Host Conference Call and Webcast This Morning**

MELBOURNE, FL -- (Marketwired) -- 05/17/16 -- [First Choice Healthcare Solutions, Inc.](http://www.firstchoicemedical.com) (OTCQB: FCHS) ("FCHS," "First Choice" or the "Company"), one of the nation's only non-physician-owned, publicly traded healthcare services companies focused on the delivery of total musculoskeletal solutions with an emphasis on Orthopaedics, including spine care and treatment, today announced its first quarter results for the three months ended March 31, 2016.

## ***Financial Highlights for the Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015:***

- Total revenues rose 189% to a record \$7,241,753, up from \$2,505,167. The increase was mainly attributable to the integration of The B.A.C.K. Center ("TBC") and Crane Creek Surgery Center ("CCSC") into the First Choice platform. The Company completed variable interest entity transactions with TBC and CCSC, effective May 1, 2015 and October 1, 2015, respectively.
  - Net patient service revenues increased 195% to \$6.62 million from \$2.24 million.
  - Rental revenue totaled \$626,612 compared to \$265,103.
- On a non-GAAP basis, adjusted EBITDA from operations rose 263% to \$1,036,072 from \$285,358. With the \$9,188,968 gain realized from the sale of the Company's real estate asset, Marina Towers, on March 31, 2016, non-GAAP adjusted EBITDA totaled \$10,225,045.
- On a GAAP basis, income from operations totaled \$569,083 compared to \$413,769.
- With the one-time gain from the sale of Marina Towers, net income climbed to \$9,566,941, or \$0.36 earnings per fully diluted share, compared to \$30,689, or \$0.00 earnings per fully diluted share.
- Net cash provided by the Company's operating activities increased to \$317,224, which compared to net cash used in its operations of \$173,931 in the first three months of 2015.

As of March 31, 2016, cash totaled \$10,051,999; accounts receivables were \$7,448,429 and total stockholders' equity was \$12,751,181. This compared to cash and restricted cash of \$1,954,412; accounts receivable of \$6,623,894 and total stockholders' equity of \$3,038,733, reported as of December 31, 2015.

Chris Romandetti, Chairman, President and CEO of First Choice, stated, "Our record first quarter financial results speak to the successful execution of several key growth initiatives that have culminated in strong, positive performance across all key operating metrics. Moreover, with the sale and leaseback of Marina Towers at the end of the first quarter period, we are empowered with capital resources necessary to strategically enhance and accelerate our growth. We are very proud of the progress First Choice has continued to demonstrate and will look to perpetuate our success in coming quarters."

### **Conference Call and Webcast**

First Choice will host a conference call and webcast for the investment community this morning beginning at 11:00 AM Eastern Standard Time to discuss its financial results and recent corporate developments. Participants can register for the conference by navigating to <http://dpregrister.com/10086315>. Please note that registered participants will receive the dial-in number upon registration.

The conference call will also be webcasted, which can be accessed through First Choice's investor relations website by navigating to <http://ir.myfchs.com/ir-calendar> and clicking on "**First Quarter 2016 Conference Call and Webcast**" Webcast participants will be required to register to access the call. For those who cannot listen to the live broadcast, a replay will be available shortly after the call on the investor relations page of First Choice's website, found at <http://ir.myfchs.com/>.

### **About Non-GAAP Financial Measures**

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use non-GAAP EBITDA. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use this non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that this non-GAAP financial measure provides meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of our recurring core business operating results. We believe that both management and investors benefit from referring to this non-GAAP financial measure in assessing our performance and when planning, forecasting, and analyzing future periods. This non-GAAP financial measure also facilitates management's internal comparisons to our historical performance and liquidity. We believe this non-GAAP financial measure is useful to investors both because they allow for greater transparency with respect to a key metric used by management in its financial and operational decision-making. For more information on this non-GAAP financial measure, please see the table captioned "Reconciliation of non-GAAP Adjusted EBITDA Performance."

For additional details relating to First Choice's first quarter 2016 results, please refer to the Interim Report on Form 10-Q filed with the U.S. Securities and Exchange Commission and

found at [www.sec.gov](http://www.sec.gov).

**FINANCIAL CHARTS TO FOLLOW**

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2016 <hr/> (unaudited)	December 31, 2015 <hr/>
<b>ASSETS</b>		
Current assets		
Cash (amounts related to VIE of \$1,624,203 and \$1,556,303)	\$ 10,051,999	\$ 1,594,998
Cash-restricted	-	359,414
Accounts receivable, net (amounts related to VIE of \$4,806,623 and \$4,544,308)	7,448,429	6,623,894
Employee loans (amounts related to VIE of \$882,226 and \$636,293)	918,226	672,293
Prepaid and other current assets (amounts related to VIE of \$151,931 and \$183,465)	225,150	316,773
Capitalized financing costs, current portion (amounts related to VIE of \$329 and \$1,317)	329	39,533
Total current assets	<hr/> 18,644,133	<hr/> 9,606,905
Property, plant and equipment, net of accumulated depreciation of \$989,481 and \$3,075,648 (amounts related to VIE of \$724,859 and \$773,808)	<hr/> 2,689,335	<hr/> 8,613,502
Other assets		
Goodwill (amount relating to VIE of \$899,465)	899,465	899,465
Deferred costs, net of amortization of \$295,757 and \$215,096	2,930,670	3,011,331
Patient list, net of accumulated amortization of \$80,000 and \$75,000	220,000	225,000
Patents, net of accumulated amortization of \$42,975 and \$38,200	243,525	248,300
Investments (amounts related to VIE of \$22,005 and \$16,914)	22,005	16,914
Deferred Tax Asset	181,029	--
Deposits	17,003	2,571
Total other assets	<hr/> 4,513,697	<hr/> 4,403,581
Total assets	<hr/> <hr/> \$ 25,847,165	<hr/> <hr/> \$ 22,623,988

**LIABILITIES AND EQUITY**

## Current liabilities

Accounts payable and accrued expenses (amounts related to VIE of \$2,321,972 and \$2,319,056)	\$ 4,078,887	\$ 3,937,244
Accounts payable, related party (amount related to VIE of \$251,588)	251,588	251,588
Stock based payable	1,280,200	1,198,900
Advances, related party	133,796	43,082
AMT Tax Payable	181,029	-
Settlement payable	450,000	600,000
Line of credit, short term (amount related to VIE of \$439,524 and \$416,888)	2,939,524	2,566,888
Note payable, related party, current portion (amount related to VIE of \$437,372 and \$428,645)	437,372	428,645
Notes payable, current portion (amount related to VIE of \$7,235 and \$10,341)	507,209	7,652,941
Unearned revenue	42,704	42,704
Deferred rent, short term portion (amount related to VIE of \$118,810)	118,810	118,810
Total current liabilities	<u>10,421,119</u>	<u>16,840,802</u>

## Long term debt:

Deposits held	67,432	67,432
Notes payable, long term portion	406,830	535,822
Deferred rent, long term portion (amount related to VIE of \$2,200,603 and \$2,141,199)	2,200,603	2,141,199
Total long term debt	<u>2,674,865</u>	<u>2,744,453</u>
Total liabilities	<u>13,095,984</u>	<u>19,585,255</u>

## 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, 22,967,626 and 22,867,626 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	22,968	22,868
Common stock subscription	175,000	175,000
Additional paid in capital	21,288,692	21,196,792
Accumulated deficit	<u>(9,707,976)</u>	<u>(19,274,917)</u>
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	11,778,684	2,119,743
Non-controlling interest	972,497	918,990
Total equity	<u>12,751,181</u>	<u>3,038,733</u>

Total liabilities and equity	\$ 25,847,165	\$ 22,623,988
------------------------------	---------------	---------------

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

	Three months ended March 31,	
	2016	2015
Revenues:		
Patient Service Revenue	\$ 6,877,665	\$ 2,285,288
Provision for bad debts	(262,524 )	(45,224 )
Net patient service revenue less provision for bad debts	6,615,141	2,240,064
Rental Revenue	626,612	265,103
Total Revenue	7,241,753	2,505,167
Operating expenses:		
Salaries and benefits	2,780,569	946,120
Other operating expenses	1,187,274	451,485
General and administrative	2,405,877	553,284
Depreciation and amortization	298,950	140,509
Total operating expenses	6,672,670	2,091,398
Net income from operations	569,083	413,769
Other income (expense):		
Gain on sale of property and improvements	9,188,968	-
Miscellaneous income (expense)	58,857	750
Amortization financing costs	(15,325 )	(20,686 )
Interest expense, net	(181,135 )	(363,144 )
Total other expense	9,051,365	(383,080 )
Net income before provision for income taxes	9,620,448	30,689
Income taxes (benefit)	-	-
Net income	9,620,448	30,689
Non-controlling interest (note 15)	(53,507 )	-
NET INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ 9,566,941</u>	<u>\$ 30,689</u>
Net income per common share, basic	<u>\$ 0.42</u>	<u>\$ 0.00</u>
Net income per common share, diluted	<u>\$ 0.36</u>	<u>\$ 0.00</u>
Weighted average number of common shares outstanding, basic	<u>22,886,307</u>	<u>18,062,046</u>

Weighted average number of common shares outstanding, diluted	<u>26,219,641</u>	<u>22,090,565</u>
--	-------------------	-------------------

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

	Three months ended March 31,	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 9,620,448	\$ 30,689
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	298,950	140,509
Amortization of financing costs	15,325	20,686
Bad debt expense	262,524	45,224
Gain on sale of property	(9,188,968 )	-
Common stock issued in connection with loan extension	92,000	99,000
Stock based compensation	81,300	48,250
Changes in operating assets and liabilities:		
Accounts receivable	(1,087,059 )	(492,641 )
Prepaid expenses and other	91,623	26,075
Restricted funds	359,414	(66,478 )
Employee loans	(245,933 )	-
Accounts payable and accrued expenses	122,628	(38,121 )
Settlement payable	(150,000 )	-
Deposits	(14,432 )	-
Deferred rent	59,404	-
Unearned income	-	12,876
Net cash provided by (used in) operating activities	<u>317,224</u>	<u>(173,931 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property	15,068,497	
Purchase of equipment	(126,073 )	(8,284 )
Net cash provided by (used in) investing activities	<u>14,942,424</u>	<u>(8,284 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from advances	90,714	74,000
Proceeds from lines of credit	372,636	140,000
Net payments on notes payable	(7,265,997 )	(198,078 )
Net cash (used in) provided by financing activities	<u>(6,802,647 )</u>	<u>15,922</u>
Net increase (decrease) in cash and cash		

equivalents	8,457,001	(166,293 )
Cash and cash equivalents, beginning of period	<u>1,594,998</u>	<u>279,087</u>
Cash and cash equivalents, end of period	<u>\$ 10,051,999</u>	<u>\$ 112,794</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 181,135</u>	<u>\$ 264,144</u>
Cash paid during the period for taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental Disclosure on non-cash investing and financing activities:		
Common stock issued in settlement of accrued expenses	<u>\$ -</u>	<u>\$ 15,000</u>

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC.**  
**RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE**  
*(unaudited)*

<b>Net Income</b>	\$ 9,566,941	\$ 30,689
Gain on sale of property and improvements	(9,188,968 )	-
Depreciation and amortization	298,950	140,509
Amortization of financing costs	15,325	20,686
Bad debt expense	262,524	45,224
Stock-based compensation	<u>81,300</u>	<u>48,250</u>
<b>Adjusted EBITDA</b>	<u>\$ 1,036,072</u>	<u>\$ 285,358</u>

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC.**  
**RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE WITH GAIN ON SALE OF PROPERTY INCLUDED**  
*(unaudited)*

<b>Net Income</b>	\$ 9,566,941	\$ 30,689
Depreciation and amortization	298,950	140,509
Amortization of financing costs	15,325	20,686
Bad debt expense	262,524	45,224
Stock-based compensation	<u>81,300</u>	<u>48,250</u>
<b>Adjusted EBITDA</b>	<u>\$ 10,225,040</u>	<u>\$ 285,358</u>

**About First Choice Healthcare Solutions, Inc.**

Headquartered in Melbourne, Florida, First Choice Healthcare Solutions (FCHS) is implementing a defined growth strategy aimed at expanding its network of non-physician-owned medical centers of excellence, which concentrate on treating patients in the following specialties: Orthopaedics, Spine Surgery, Neurology, Interventional Pain Management and related diagnostic and ancillary services in key expansion markets throughout the Southeastern U.S. Serving Florida's Space Coast, the Company's flagship integrated platform currently administers over 100,000 patient visits each year and is

comprised of First Choice Medical Group, The B.A.C.K. Center and Crane Creek Surgery Center. For more information, please visit [www.myfchs.com](http://www.myfchs.com), [www.myfcmg.com](http://www.myfcmg.com), [www.thebackcenter.net](http://www.thebackcenter.net) and [www.cranecreeksurgerycenter.com](http://www.cranecreeksurgerycenter.com).

### **Safe Harbor Statement**

*Certain information set forth in this news announcement may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of First Choice Healthcare Solutions, Inc. Such forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management beliefs and certain assumptions made by its management. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.* Information concerning factors that could cause the Company's actual results to differ materially from those contained in these forward-looking statements can be found in the Company's periodic reports on Form 10-K and Form 10-Q, and in its Current Reports on Form 8-K, filed with the Securities and Exchange Commission. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise to reflect future events or circumstances or reflect the occurrence of unanticipated events.

### **At Wolfe Axelrod Weinberger Associates**

Donald C. Weinberger  
[don@wolfeaxelrod.com](mailto:don@wolfeaxelrod.com)

Stephen D. Axelrod  
CFA  
[steve@wolfeaxelrod.com](mailto:steve@wolfeaxelrod.com)

### **At Institutional Marketing Services**

John Nesbett  
[jnesbett@institutionalMS.com](mailto:jnesbett@institutionalMS.com)

Jennifer Belodeau  
[jbelodeau@institutionalMS.com](mailto:jbelodeau@institutionalMS.com)

**At First Choice Healthcare Solutions, Inc.**  
**321-802-5830**  
[IR@myfchs.com](mailto:IR@myfchs.com)

Source: First Choice Healthcare Solutions, Inc.