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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT PURSUANT
TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): June 1, 2018

Rennova Health, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-35141 (Commission File Number)	68-0370244 (I.R.S. Employer Identification No.)
400 S. Australian Avenue, Suite 800, West Palm Beach, Florida (Address of Principal Executive Offices)	33401 (Zip Code)

(561) 855-1626
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. [ ]

EXPLANATORY NOTE

This Amendment No. 1 to the Current Report on Form 8-K (this "Amendment") is being filed by Rennova Health, Inc., a Delaware corporation (the "Company"), for the purpose of amending Item 2.01 Completion of Acquisition or Disposition of Assets and Item 9.01 Financial Statements and Exhibits of that certain Current Report on Form 8-K originally filed by the Company with the Securities and Exchange Commission (the "SEC") on June 7, 2018 (the "Original Form 8-K") in connection with the completion of the acquisition of certain assets related to an acute care hospital located in Jamestown, Tennessee. This Amendment is also being filed to provide the financial statements and pro forma financial information required by Items 9.01(a) and (b) of Form 8-K, which were not previously filed with the Original Form 8-K.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On June 1, 2018, the Company closed the previously-reported asset purchase agreement (the "Purchase Agreement") to acquire certain assets related to an acute care hospital located in Jamestown, Tennessee. The hospital, known as Jamestown Regional Medical Center, is a fully operational 85-bed facility of approximately 90,000 square feet on over eight acres of land, and offers a 24-hour emergency department with two spacious trauma bays and seven private exam rooms, inpatient and outpatient surgical services and a progressive care unit which provides telemetry services. The hospital operations include a separate physician practice which operates as Mountain View Physician Practice, Inc.

The assets were acquired from Community Health Systems, Inc. ("CHS"). Other than in respect of the transaction, there is no material relationship between CHS and the Company, any of our affiliates, any of our officers or directors or any of their associates.

The cash consideration paid to CHS was an aggregate of $635,096, which included $35,735 in closing costs. There was an additional $33,887 in other costs which were subsequently identified and recorded. In aggregate, diligence, legal and other costs associated with the acquisition are estimated to be approximately $500,000, meaning that the total cost of acquisition to the Company was approximately $1,100,000. In addition, there were approximately $196,000 of accrued liabilities that were assumed as part of the acquisition.

The summary of the Purchase Agreement set forth above does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, which is filed as Exhibit 10.173 hereto and is incorporated by reference herein.

Section 9.01. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The following combined financial statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. are being filed as exhibits hereto and are incorporated by reference herein:

Exhibit 99.1 – Audited Combined Financial Statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc., including independent auditor's report, as of and for the years ended December 31, 2017 and 2016.

Exhibit 99.2 – Combined Financial Statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. as of and for the three months ended March 31, 2018 and 2017.

(b) Pro forma financial information.

The following pro forma financial information is being filed as an exhibit hereto and is incorporated by reference herein:

Exhibit 99.3 – Unaudited pro forma financial statements and explanatory notes for Rennova Health, Inc. as of March 31, 2018, for the three months ended March 31, 2018 and for the year ended December 31, 2017.

(c) Not applicable.

(d) Exhibits.

Exhibit No.	**Exhibit Description**
23	Consent of Haynie & Company, CPAs
10.173	Asset Purchase Agreement, dated as of January 31, 2018, by and among HMA Fentress County Hospital, LLC, Jamestown HMA Physician Management, LLC, Jamestown TN Medical Center, Inc., CHS Community Health Systems, Inc. and Rennova Health, Inc. (incorporated by reference to Exhibit 10.162 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 6, 2018).
99.1	Audited Combined Financial Statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc., including independent auditor's report, as of and for the years ended December 31, 2017 and 2016.
99.2	Combined Financial Statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. as of and for the three months ended March 31, 2018 and 2017.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Rennova Health, Inc. as of March 31, 2018, for the three months ended March 31, 2018 and for the year ended December 31, 2017.
99.4*	Press release of Rennova Health, Inc. dated June 1, 2018.

* Previously filed with the Original Form 8-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 10, 2019

RENNOVA HEALTH, INC.

By: */s/ Seamus Lagan*

Seamus Lagan
Chief Executive Officer
(principal executive officer)

EXHIBIT INDEX

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* Previously filed with the Original Form 8-K

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-210909, 333-208070, 333-12473, 333-66781, 333-88373, 333-51294, 333-110650, 333-119272, 333-175388, 333-169673, 333-147587, and 333-128953), of Rennova Health, Inc. of our report dated January 10, 2019 related to the combined financial statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. as of and for the years ended December 31, 2017 and 2016 which appear in this Form 8-K/A.

/s/ Haynie & Company, CPAs

Haynie & Company, CPAs
Salt Lake City, Utah
Dated: January 10, 2019

Jamestown TN Medical Center, Inc.
& Mountain View Physician Practice, Inc.
Formerly Known As (F/K/A)
HMA Fentress County Hospital, LLC
& Jamestown HMA Physician Management, LLC

Combined Financial Report

December 31, 2017 and 2016

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Independent Auditor's Report

To the Member

Jamestown TN Medical Center, Inc. F/K/A HMA Fentress County Hospital, LLC & Mountain View Physician Practice, Inc. F/K/A Jamestown HMA Physician Management, LLC

We have audited the accompanying Combined Financial Statements of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. (the Company), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jamestown TN Medical Center, Inc. F/K/A HMA Fentress County Hospital, LLC & Mountain View Physician Practice, Inc. F/K/A Jamestown HMA Physician Management, LLC as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has accumulated significant losses and had negative cash flows from operations. Management's evaluation of the events and conditions and Management's plans regarding those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

/s/ Haynie & Company

Haynie & Company
Salt Lake City, Utah
January 10, 2019

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Balance Sheets
December 31,

	2017	2016
ASSETS		
Current assets:		
Cash	$ -	$ -
Accounts receivable, net	1,914,543	2,233,617
Inventory	428,964	525,056
Prepaid expenses and other current assets	373,117	379,097
Total current assets	**2,716,624**	**3,137,770**
Property and equipment, net	4,745,444	5,370,994
Other assets and deferred charges, net	1,765,301	1,845,091
Total assets	**$ 9,227,369**	**$ 10,353,855**
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities:		
Accounts payable	$ 440,903	$ 890,655
Accrued expenses	532,643	710,132
Total current liabilities	973,546	1,600,787
Other liabilities:		
Due to related party	18,814,484	15,541,464
Total liabilities	**19,788,030**	**17,142,251**
Member's deficit:		
Member's deficit	(10,560,661)	(6,788,396)
Total member's deficit	**(10,560,661)**	**(6,788,396)**
Total liabilities and member's deficit	**$ 9,227,369**	**$ 10,353,855**

The Notes to Combined Financial Statements are an integral part of these statements.

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Statements of Operations
Years Ended December 31,

		2017		2016
Net revenues	**$**	**16,358,516**	**$**	**17,876,712**
Operating expenses:				
General and administrative		17,595,752		18,334,203
Sales and marketing expenses		434,095		465,117
Depreciation and amortization		1,118,813		1,212,437
Total operating expenses		**19,148,660**		**20,011,757**
Loss from operations before other income (expense) and income taxes		**(2,790,144)**		**(2,135,045)**
Other income (expense):				
Other income (expense)		(969,016)		(809,001)
Interest income		4,270		-
Interest expense		(17,375)		(24,354)
Total other income (expense), net		**(982,121)**		**(833,355)**
Net loss from operations before income taxes		**(3,772,265)**		**(2,968,400)**
Income tax expense		-		-
Net loss from operations	**$**	**(3,772,265)**	**$**	**(2,968,400)**

The Notes to Combined Financial Statements are an integral part of these statements.

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Statement of Member's Deficit
Years Ended December 31, 2017 and 2016

	Member's Deficit	Total Member's Deficit
BALANCE, December 31, 2015	$ (3,819,996)	$ (3,819,996)
Net (Loss)	(2,968,400)	(2,968,400)
BALANCE, December 31, 2016	$ (6,788,396)	$ (6,788,396)
Net (Loss)	(3,772,265)	(3,772,265)
BALANCE, December 31, 2017	$ (10,560,661)	$ (10,560,661)

The Notes to Combined Financial Statements are an integral part of these statements.

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Statements of Cash Flows
Years Ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (3,772,265)	$ (2,968,400)
Adjustments to reconcile net (loss) to net cash (used in) operating activities		
Depreciation and amortization	1,118,813	1,212,437
Changes in operating assets and liabilities		
Trade accounts receivable	319,074	1,044,941
Inventories	96,092	(49,988)
Prepaid expenses	5,980	545,782
Other assets	-	(26,115)
Accounts payable	(449,752)	103,980
Accrued liabilities	(177,490)	117,683
Net cash (used in) operating activities	(2,859,548)	(19,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(413,474)	(1,119,205)
Net cash (used in) investing activities	(413,474)	(1,119,205)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings from related party	3,273,022	1,138,885
Net cash provided by financing activities	3,273,022	1,138,885
Net change in cash	-	-
CASH, beginning of year	-	-
CASH, end of year	$ -	$ -
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	$ 13,105	$ 20,308
Income taxes paid	$ -	$ -

The Notes to Combined Financial Statements are an integral part of these statements.

Note 1. Significant Accounting Policies

Nature of Operations

Jamestown TN Medical Center, Inc., a Tennessee corporation, operates as a general acute care hospital in Jamestown, TN. The Jamestown TN Medical Center operates an 85-bed facility of approximately 90,000 square feet on over eight acres of land, which offers a 24-hour emergency department with two spacious trauma bays and seven private exam rooms, inpatient and outpatient medical services and a progressive care unit which provides telemetry services. The operations include a separate physician practice which operates as Mountain View Physician Practice, Inc. The Jamestown TN Medical Center and Mountain View Physician Practice, Inc., formerly known as HMA Fentress County Hospital, LLC and Jamestown HMA Physician Management, LLC, (collectively "the Company") were acquired by Rennova Health, Inc. on June 1, 2018.

Basis of Presentation

The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The combined financial statements include the accounts of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. All significant inter-company balances and transactions have been eliminated in combination.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include the allowance for bad debts, the lives and valuation of long-lived assets, impairment of assets and rates for depreciation, accrued liabilities, and future income tax, among others. Actual results could differ from those estimates and would impact future results of operations and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits with banks, and all highly liquid investments with original maturities of three months or less. The Company had no cash or cash equivalents at December 31, 2017 and 2016.

The Company regularly maintains cash balances at financial institutions which could exceed FDIC insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue Recognition

Service revenues are generated from hospital goods and or services. The Company recognizes net revenues which are determined utilizing gross revenues net of contractual adjustments and discounts. Even though it is the responsibility of the patient to pay for goods and services rendered, most individuals have an agreement with a third-party payer such as a commercial insurance provider, Medicaid or Medicare to pay all or a portion of their healthcare expenses. Sales tax collected is not included in net sales.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The standard, including subsequently issued amendments, will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. There is a five-step approach outlined in the standard. Entities are permitted to apply the new standard under the full retrospective method, subject to certain practical expedients, or the modified retrospective method that requires the application of the guidance only to contracts that are uncompleted on the date of initial application.

In determining revenue, the entity must first identify the contract according to the scope of ASC 606 with the following criteria:

- The parties have approved the contract either in writing through the acknowledgement or consent of the patient responsibility or consent form; orally by acknowledgement or by scheduled appointment; or implicitly, based on the Company's customary business practices (outpatient services, inpatient, emergency room visits, for example).
- Each party's rights and the contract's payment terms are identified.
- The contract has commercial substance.
- Collection is probable.

Based on new rules for revenue recognition which the Company has implemented, bad debts are now treated similar to contractual adjustments and directly reduce sales revenue. Hence, net revenues are determined utilizing gross revenues net of contractual adjustments, allowance for doubtful accounts, and discounts.

The Company ensures that the collection of substantially all the consideration to which it is entitled, is probable. The Company has established the transaction price for providing goods or services to a patient through historical cash collection and current data from each identified payer class. This may include the effects of variable consideration such as discounts and price concessions and may be less than the stated contract price. Variable consideration may be applied based on a contract-by-contract basis or based on a portfolio approach. The ultimate transaction price reflects explicit price concessions. The Company has an obligation to provide medically necessary or emergency services regardless of a patient's intent or ability to pay. In determining collectability, the evaluation is based on experience or the contract portfolio approach with either a specific patient or a class of similar patients.

Net revenue includes adjustments for in-patient, out-patient, and other contractual obligations, as well as provisions for the estimated uncollectable portion of our gross billings, or doubtful accounts. We review our calculations for the realizability of gross service revenues on a monthly basis in order to make certain that we are properly allowing for the uncollectable portion of our gross billings and that our estimates remain sensitive to variances and changes within our payer groups. The contractual allowance calculation is made on the basis of historical allowance rates for the various specific payer groups on a monthly basis with a greater weight being given to the most recent trends; this process is adjusted based on recent changes in underlying contract provisions. This calculation is routinely analyzed by us on the basis of actual allowances issued by payers and the actual payments made to determine what adjustments, if any, are needed.

Operating Expenses

Operating expenses could be classified as general and administrative or as sales and marketing by the Company. Depreciation and amortization is also classified under operating expenses on the Combined Statements of Operations.

Accounts Receivable

Accounts receivable are reported at realizable value, net of allowances for credits and doubtful accounts, which are estimated and recorded in the period the related revenue is recorded. The Company has a standardized approach to estimating and reviewing the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for contractual credits and doubtful accounts.

In addition, the Company regularly assesses the state of its billing operations in order to identify issues which may impact the collectability of these receivables or reserve estimates. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts estimates are recorded as an adjustment to provision for bad debts.

Accounts receivable at December 31, 2017 and 2016 consisted of the following:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Accounts receivable	$ 4,632,889	$ 4,999,894
Less, Allowance for bad debts	(2,718,346)	(2,766,277)
Accounts receivable, net	**$ 1,914,543**	**$ 2,233,617**

Impairment or Disposal of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 360, Property, Plant and Equipment ("ASC 360"). ASC 360 clarifies the accounting for the impairment of long-lived assets and for long-lived assets to be disposed of, including the disposal of business segments and major lines of business. Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. The Company did not record an impairment charge during the years ended December 31, 2017 and 2016.

Income Taxes

Income taxes are accounted for under the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized, or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Company recognizes a valuation allowance.

In accordance with U.S. GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. For the years ended December 31, 2017 and 2016, the Company was a consolidated subsidiary of Community Health Systems, Inc. (CHS), and filed a consolidated tax return. Because the Company's tax liability was reported on the consolidated return of CHS, the Company was not required to record a deferred tax provision. The Company determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2017 and 2016. The Company was also subject to state income tax on the portion of its income earned in Tennessee.

Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. are both Tennessee corporations and operate under the provisions of the Internal Revenue Code. Generally accepted accounting principles (GAAP) require that the Company recognize the impact of a tax position that is more likely than not to be disallowed upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken related to the Company's tax status and federal and state filing requirements have been reviewed, and management believes they would more likely than not be sustained by examination. Accordingly, the Company has not recorded an income tax liability for uncertain tax benefits.

Intangible Assets

The Company's intangible assets consist of operating licenses for certain management information systems (MIS), and for Medicare. The carrying amount for the Medicare licenses, which is not subject to amortization, but subject to impairment was approximately $1.2 million at December 31, 2017 and 2016. Intangible assets are included in other assets and deferred charges, net on the Company's combined balance sheets. During the years ended December 31, 2017 and 2016, there were no intangible assets acquired and the Company did not record an impairment charge.

Inventories

Inventories, which are comprised mainly of medical, laboratory, and surgical supplies, are stated at the lower of cost (first-in, first out basis) or net realizable value.

Property and Equipment

Property and equipment are capitalized at cost and depreciated primarily using the straight-line method over the estimated useful lives of the various assets. Improvements that substantially increase the useful life of property are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of property and equipment sold or otherwise retired, and the related accumulated depreciation, is removed from the accounts and any resulting gain or loss is included in operating results. The useful lives for purposes of calculating depreciation are as follows:

Vehicles (years)	2 - 5
Machinery and equipment (years)	3 - 7
Office equipment (years)	3 - 5
Leasehold improvements (years)	5 - 7

Accrued Expenses

Accrued expenses at December 31, 2017 and 2016 consisted of the following:

	December 31, 2017	December 31, 2016
Accrued payroll and related liabilities	$ 498,842	$ 516,062
Other accrued expenses	33,801	194,070
Accrued expenses	$ 532,643	$ 710,132

Goodwill

In accordance with U.S. generally accepted accounting principles relating to goodwill, the Company is required to evaluate the goodwill on an annual basis for potential impairment. During the years ended December 31, 2017 and 2016, there was neither goodwill recorded, nor any related impairment charges.

Marketing

The Company expenses all sales and marketing costs as incurred. Amounts expensed for sales and marketing costs for the years ended December 31, 2017 and 2016 were $434,095 and $465,117, respectively.

Concentrations of Credit Risk

Credit risk with respect to accounts receivable is generally diversified due to the large number of patients comprising the client base. The Company does have significant receivable balances with government payers and various insurance carriers. Generally, the Company does not require collateral or other security to support customer receivables. However, the Company continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and consequently, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the financial statements.

A number of proposals for legislation continue to be under discussion which could substantially reduce Medicare and Medicaid (CMS) reimbursements to hospitals. Depending upon the nature of regulatory action, and the content of legislation, the Company could experience a significant decrease in revenues from Medicare and Medicaid (CMS), which could have a material adverse effect on the Company. The Company is unable to predict, however, the extent to which such actions will be taken.

The Company maintains its cash balances in high credit quality financial institutions. The Company's cash balances may, at times, exceed the deposit insurance limits provided by the Federal Deposit Insurance Corp.

Going Concern

The Company's combined financial statements are prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. For the year ended December 31, 2017, the Company had a net loss of $3.8 million, negative cash flows from operations of $2.9 million, and a member's deficit of $10.6 million. On January 31, 2018, Community Health Systems, Inc. (CHS), which was the parent company for HMA Fentress County Hospital, LLC operating as Jamestown TN Medical Center, Inc. and Jamestown HMA Physician Management, LLC operating as Mountain View Physician Practice, Inc., entered into a purchase agreement with Rennova Health, Inc. to sell certain assets and liabilities related to the Company. The purchase was completed on June 1, 2018.

While the Company expects that its operations will continue to provide additional revenue and cash flow sources, there can be no assurance that the Company will be able to generate enough cash to achieve profitability. The ability of the Company to continue as a going concern is dependent upon its ability to significantly reduce its operating costs, increase its revenues and eventually regain profitable operations. The accompanying combined financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). The amendments in this update create Topic 842, Leases, and supersede the leases requirements in Topic 840, Leases. Topic 842 specifies the accounting for leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The main difference between Topic 842 and Topic 840 is the recognition of lease assets and lease liabilities for those leases classified as operating leases under Topic 840. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model in Topic 842, the effect of leases in the statement of comprehensive income and the statement of cash flows is largely unchanged from previous GAAP. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years for public business entities. Early application of the amendments in ASU 2016-02 is permitted. The Company has not yet determined the impact that adoption of ASU 2016-02 will have on its combined financial statements.

Note 2. Inventories

Inventories and supplies for the years ended December 31, 2017 and 2016 were $428,964 and $525,056, respectively.

Note 3. Property and Equipment

Property and equipment, consists of the following at December 31:

	2017	2016
Land and improvements	$ 760,000	$ 760,000
Buildings and improvements	3,284,512	3,234,674
Equipment and fixtures	3,531,272	3,264,738
Leasehold improvements	23,843	23,843
Construction in progress	347,681	347,681
	7,947,308	7,630,936
Accumulated depreciation	(3,201,864)	(2,259,942)
Property and equipment, net	$ 4,745,444	$ 5,370,994

Depreciation expense for the years ended December 31, 2017 and 2016 was $941,923 and $873,215, respectively.

Note 4. Intangible Assets

Intangible assets at each of December 31, 2017 and 2016, include $1.2 million for the fair value of Medicare licenses which is not subject to amortization. The appraised value of these licenses was recorded when they were initially acquired and is subject to impairment testing. No factors have been determined to have impaired the fair value of this asset. Additionally, intangible assets included the following at December 31:

	2017	2016
Software	$ 1,051,807	$ 954,707
Intangible Assets Other	526,279	526,279
	1,578,086	1,480,986
Accumulated amortization	(1,027,644)	(850,754)
	$ 550,442	$ 630,232

The related amortization expense for the years ended December 31, 2017 and 2016 was $176,890 and $339,222, respectively. Estimated future amortization is as follows:

2018	$ 162,737
2019	162,737
2020	136,397
2021	88,571
2022	-
Thereafter	-

Note 5. Commitments and Contingencies

The Company leases various equipment, vehicles and office facilities under operating leases. The expenses incurred under operating lease agreements included in general and administrative expenses for the years ended December 31, 2017 and 2016, were approximately $335,000 and $391,600 respectively. At December 31, 2017, the approximate future minimum rental payments under noncancelable operating leases are as follows:

2018	$ 327,855
2019	249,540
2020	178,495
2021	87,377
2022	11,322
Thereafter	-
	$ 854,589

Note 6. Related Party Transactions

Included in due to related party at December 31, 2017 and 2016 is $18,814,484 and $15,541,464, respectively, due to the Company's sole member, Community Health Systems, Inc. (CHS), related to deferred credits and intercompany transactions. On June 1, 2018, certain assets and liabilities of the Company were acquired as part of a transaction between Community Health Systems, Inc. (CHS), which was the parent company for HMA Fentress County Hospital, LLC operating as Jamestown TN Medical Center, Inc. and Jamestown HMA Physician Management, LLC operating as Mountain View Physician Practice, Inc., and Rennova Health, Inc. As part of the asset purchase agreement executed on January 31, 2018, all the deferred credits and intercompany transactions due to CHS were settled in full and none of the related liabilities outstanding at December 31, 2017 and 2016 remained outstanding after the transaction was complete. See note 8 for further details on the transaction.

Note 7. Subsequent Events

On January 31, 2018, Community Health Systems, Inc. (CHS), which was the parent company for HMA Fentress County Hospital, LLC operating as Jamestown TN Medical Center, Inc. and Jamestown HMA Physician Management, LLC operating as Mountain View Physician Practice, Inc., entered into a purchase agreement with Rennova Health, Inc. to sell certain assets and liabilities related to the Company. The purchase was completed on June 1, 2018.

Rennova Health, Inc. valued the net assets acquired at approximately $7.1 million, of which $6.5 million was recorded as property and equipment. The sale also included the separate physician practice, Jamestown HMA Physician Management, LLC, now operating under Mountain View Physician Practice, Inc. The cash consideration received by the CHS as part of the transaction was an aggregate of $635,096 which included $35,735 in closing costs. There was an additional $33,887 in other costs which were subsequently identified and recorded. In addition, there were approximately $196,000 of accrued liabilities that were assumed as part of the acquisition.

Rennova Health, Inc. and the Company evaluated for recognition or disclosure all events or transactions that occurred after December 31, 2017 through January 10, 2019, the date these combined financial statements were available to be issued.

Jamestown TN Medical Center, Inc.
& Mountain View Physician Practice, Inc.
Formerly Known As (F/K/A)
HMA Fentress County Hospital, LLC
& Jamestown HMA Physician Management, LLC

Combined Financial Report

March 31, 2018 and 2017

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Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Balance Sheets
March 31, 2018 and December 31, 2017
(unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash	$ -	$ -
Accounts receivable, net	1,917,058	1,914,543
Inventory	426,010	428,964
Prepaid expenses and other current assets	470,476	373,117
Total current assets	**2,813,544**	**2,716,624**
Property and equipment, net	4,757,396	4,745,444
Other assets and deferred charges, net	1,601,610	1,765,301
Total assets	**$ 9,172,550**	**$ 9,227,369**
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities:		
Accounts payable	$ 47,750	$ 440,903
Accrued expenses	496,964	532,643
Total current liabilities	544,714	973,546
Other liabilities:		
Due to related party	19,908,071	18,814,484
Total liabilities	**20,452,785**	**19,788,030**
Member's deficit:		
Member's deficit	(11,280,235)	(10,560,661)
Total member's deficit	**(11,280,235)**	**(10,560,661)**
Total liabilities and member's deficit	**$ 9,172,550**	**$ 9,227,369**

The Notes to Combined Financial Statements are an integral part of these statements.

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Statements of Operations
Three Months Ended March 31,
(Unaudited)

	March 31, 2018	March 31, 2017
Net revenues	**$ 3,705,528**	**$ 3,906,667**
Operating expenses:		
General and administrative	3,958,398	4,259,175
Sales and marketing expenses	-	8,229
Depreciation and amortization	195,327	280,734
Total operating expenses	**4,153,725**	**4,548,138**
Loss from operations before other income (expense) and income taxes	**(448,197)**	**(641,471)**
Other income (expense):		
Other income (expense)	(266,288)	(210,719)
Interest income	38	-
Interest expense	(5,127)	(3,938)
Total other income (expense), net	**(271,377)**	**(214,657)**
Net loss from operations before income taxes	**(719,574)**	**(856,128)**
Income tax expense	-	-
Net loss from operations	**$ (719,574)**	**$ (856,128)**

The Notes to Combined Financial Statements are an integral part of these statements.

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Statement of Member's Deficit
Three Months Ended March 31, 2018 (Unaudited)

	Member's Deficit	Total Member's Deficit
BALANCE, December 31, 2017	$ (10,560,661)	$ (10,560,661)
Net Income (Loss)	(719,574)	(719,574)
BALANCE, March 31, 2018	$ (11,280,235)	$ (11,280,235)

The Notes to Combined Financial Statements are an integral part of these statements.

Jamestown TN Medical Center, Inc. &
Mountain View Physician Practice, Inc.
Combined Statements of Cash Flows
Three Months Ended March 31,
(Unaudited)

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss)	$	(719,574)	$	(856,128)
Adjustments to reconcile net (loss) to net cash (used in) operating activities				
Depreciation and amortization		195,327		280,734
Changes in operating assets and liabilities				
Trade accounts receivable		(2,515)		205,904
Inventories		2,954		(35,226)
Prepaid expenses		(97,358)		(123,062)
Other assets		-		107,278
Accounts payable		(393,153)		(67,552)
Accrued liabilities		(35,678)		(121,464)
Net cash (used in) operating activities		(1,049,997)		(609,516)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures		(43,590)		(120,344)
Net cash (used in) investing activities		(43,590)		(120,344)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings from related party		1,093,587		729,860
Net cash provided by financing activities		1,093,587		729,860
Net change in cash		-		-
CASH, beginning of year		-		-
CASH, end of period	$	-	$	-
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid	$	5,089	$	3,938
Income taxes paid	$	-	$	-

The Notes to Combined Financial Statements are an integral part of these statements.

Note 1. Significant Accounting Policies

Nature of Operations

Jamestown TN Medical Center, Inc., a Tennessee corporation, operates as a general acute care hospital in Jamestown, TN. The Jamestown TN Medical Center operates an 85-bed facility of approximately 90,000 square feet on over eight acres of land, which offers a 24-hour emergency department with two spacious trauma bays and seven private exam rooms, inpatient and outpatient medical services and a progressive care unit which provides telemetry services. The operations include a separate physician practice which operates as Mountain View Physician Practice, Inc. The Jamestown TN Medical Center and Mountain View Physician Practice, Inc., formerly known as HMA Fentress County Hospital, LLC and Jamestown HMA Physician Management, LLC, (collectively "the Company") were acquired by Rennova Health, Inc. on June 1, 2018.

Basis of Presentation

The combined financial statements have been prepared in accordance with U.S. GAAP. The combined financial statements include the accounts of Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. All significant inter-company balances and transactions have been eliminated in combination.

The information furnished in the interim combined financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. These interim combined financial statements should be read in conjunction with our most recent audited financial statements and notes thereto included in our December 31, 2018 Annual Report on Form 10-K. Operating results for the quarter ended March 31, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ended December 31, 2018.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include the allowance for bad debts, the lives and valuation of long-lived assets, impairment of assets and rates for depreciation, accrued liabilities, and future income tax, among others. Actual results could differ from those estimates and would impact future results of operations and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits with banks, and all highly liquid investments with maturities of three months or less. The Company had no cash or cash equivalents at March 31, 2018 and 2017, and at December 31, 2017.

The Company regularly maintains cash balances at financial institutions which could exceed FDIC insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue Recognition

Service revenues are generated from hospital goods and services. The Company recognizes net revenues which are determined utilizing gross revenues net of contractual adjustments and discounts. Even though it is the responsibility of the patient to pay for goods and services rendered, most individuals have an agreement with a third-party payer such as a commercial insurance provider, Medicaid or Medicare to pay all or a portion of their healthcare expenses. Sales tax collected is not included in net sales.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance and became effective beginning January 1, 2018. There is a five-step approach outlined in the standard. Entities are permitted to apply the new standard under the full retrospective method, subject to certain practical expedients, or the modified retrospective method that requires the application of the guidance only to contracts that are uncompleted on the date of initial application.

In determining revenue, the entity must first identify the contract according to the scope of ASC 606 with the following criteria:

- The parties have approved the contract either in writing through the acknowledgement or consent of the patient responsibility or consent form; orally by acknowledgement or by scheduled appointment; or implicitly, based on the Company's customary business practices (outpatient services, inpatient, emergency room visits, for example).
- Each party's rights and the contract's payment terms are identified.
- The contract has commercial substance.
- Collection is probable.

Based on new rules for revenue recognition which the Company has implemented, bad debts are now treated similar to contractual adjustments and directly reduce sales revenue. Hence, net revenues are determined utilizing gross revenues net of contractual adjustments, allowance for doubtful accounts, and discounts.

The Company ensures that the collection of substantially all the consideration to which it is entitled, is probable. The Company has established the transaction price for providing goods or services to a patient through historical cash collection and current data from each identified payer class. This may include the effects of variable consideration such as discounts and price concessions and may be less than the stated contract price. Variable consideration may be applied based on a contract-by-contract basis or based on a portfolio approach. The ultimate transaction price reflects explicit price concessions. The Company has an obligation to provide medically necessary or emergency services regardless of a patient's intent or ability to pay. In determining collectability, the evaluation is based on experience or the contract portfolio approach with either a specific patient or a class of similar patients.

The Company practices the full retrospective approach of all the reporting periods presented under the new standard and discloses any adjustment to prior-period information. No such adjustments were deemed necessary for the periods ended March 31, 2018 and 2017.

Net revenue includes adjustments for in-patient, out-patient, and other contractual obligations, as well as provisions for the estimated uncollectable portion of our gross billings, or doubtful accounts. We review our calculations for the realizability of gross service revenues on a monthly basis in order to make certain that we are properly allowing for the uncollectable portion of our gross billings and that our estimates remain sensitive to variances and changes within our payer groups. The contractual allowance calculation is made on the basis of historical allowance rates for the various specific payer groups on a monthly basis with a greater weight being given to the most recent trends; this process is adjusted based on recent changes in underlying contract provisions. This calculation is routinely analyzed by us on the basis of actual allowances issued by payers and the actual payments made to determine what adjustments, if any, are needed.

Operating Expenses

Operating expenses could be classified as general and administrative or as sales and marketing by the Company. Depreciation and amortization is also classified under operating expenses on the Combined Statements of Operations.

Accounts Receivable

Accounts receivable are reported at realizable value, net of allowances for credits and doubtful accounts, which are estimated and recorded in the period the related revenue is recorded. The Company has a standardized approach to estimating and reviewing the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for contractual credits and doubtful accounts.

In addition, the Company regularly assesses the state of its billing operations in order to identify issues which may impact the collectability of these receivables or reserve estimates. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts estimates are recorded as an adjustment to provision for bad debts. Accounts receivable at March 31, 2018 (unaudited) and December 31, 2017 consisted of the following:

	March 31, 2018	December 31, 2017
Accounts receivable	$ 4,649,678	$ 4,632,889
Less, Allowance for bad debts	(2,732,620)	(2,718,346)
Accounts receivable, net	$ 1,917,058	$ 1,914,543

Impairment or Disposal of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 360, Property, Plant and Equipment ("ASC 360"). ASC 360 clarifies the accounting for the impairment of long-lived assets and for long-lived assets to be disposed of, including the disposal of business segments and major lines of business. Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. The Company did not record an impairment charge during the three months ended March 31, 2018 and 2017.

Income Taxes

Income taxes are accounted for under the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized, or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Company recognizes a valuation allowance.

In accordance with U.S. GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. For the three months ended March 31, 2018 and 2017, the Company was a consolidated subsidiary of Community Health Systems, Inc. (CHS), and filed a consolidated tax return. Because the Company's tax liability was reported on the consolidated return of CHS, the Company was not required to record a deferred tax provision. The Company has determined that it has not incurred any liability for unrecognized tax benefits as of March 31, 2018 and 2017. The Company was also subject to state income tax on the portion of its income earned in Tennessee.

Jamestown TN Medical Center, Inc. and Mountain View Physician Practice, Inc. are both Tennessee corporations and operate under the provisions of the Internal Revenue Code. Generally accepted accounting principles (GAAP) require that the Company recognize the impact of a tax position that is more likely than not to be disallowed upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken related to the Company's tax status and federal and state filing requirements have been reviewed, and management believes they would more likely than not be sustained by examination. Accordingly, the Company has not recorded an income tax liability for uncertain tax benefits.

Intangible Assets

The Company's intangible assets consist of operating licenses for certain management information systems (MIS), and for Medicare. The carrying amount for the Medicare licenses, which is not subject to amortization, but subject to impairment was approximately $1.2 million at March 31, 2018 and December 31, 2017. Intangible assets are included in other assets and deferred charges, net on the Company's combined balance sheets. During the period ended March 31, 2018 and the year ended December 31, 2017, there were no intangible assets acquired and the Company did not record an impairment charge.

Inventories

Inventories, which are comprised mainly of medical, laboratory, and surgical supplies, are stated at the lower of cost (first-in, first out basis) or net realizable value.

Property and Equipment

Property and equipment are capitalized at cost and depreciated primarily using the straight-line method over the estimated useful lives of the various assets. Improvements that substantially increase the useful life of property are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of property and equipment sold or otherwise retired, and the related accumulated depreciation is removed from the accounts and any resulting gain or loss is included in operating results. The useful lives for purposes of calculating depreciation are as follows:

Vehicles (years)	2 - 5
Machinery and equipment (years)	3 - 7
Office equipment (years)	3 - 5
Leasehold improvements (years)	5 - 7

Accrued Expenses

Accrued expenses at March 31, 2018 (unaudited) and December 31, 2017 consisted of the following:

	March 31, 2018	December 31, 2017
Accrued payroll and related liabilities	$ 486,250	$ 498,842
Other accrued expenses	10,714	33,801
Accrued expenses	$ 496,964	$ 532,643

Goodwill

In accordance with U.S. generally accepted accounting principles relating to goodwill, the Company is required to evaluate the goodwill on an annual basis for potential impairment. During the three months ended March 31, 2018 and 2017, there was neither goodwill recorded, nor any related impairment charges.

Marketing

The Company expenses all sales and marketing costs as incurred. Amounts expensed for sales and marketing costs for the three months ended March 31, 2018 and 2017 were $0 and $8,229, respectively.

Concentrations of Credit Risk

Credit risk with respect to accounts receivable is generally diversified due to the large number of patients comprising the client base. The Company does have significant receivable balances with government payers and various insurance carriers. Generally, the Company does not require collateral or other security to support customer receivables. However, the Company continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and consequently, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the financial statements.

A number of proposals for legislation continue to be under discussion which could substantially reduce Medicare and Medicaid (CMS) reimbursements to the Company. Depending upon the nature of regulatory action, and the content of legislation, the Company could experience a significant decrease in revenues from Medicare and Medicaid (CMS), which could have a material adverse effect on the Company. The Company is unable to predict, however, the extent to which such actions will be taken.

The Company maintains its cash balances in high credit quality financial institutions. The Company's cash balances may, at times, exceed the deposit insurance limits provided by the Federal Deposit Insurance Corp.

Going Concern

The Company's combined financial statements are prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. For the period ended March 31, 2018, the Company had a net loss of $0.7 million, negative cash flows from operations of $0.8 million, and a member's deficit of $11.3 million. On January 31, 2018, Community Health Systems, Inc. (CHS), which was the parent company for HMA Fentress County Hospital, LLC operating as Jamestown TN Medical Center, Inc. and Jamestown HMA Physician Management, LLC operating as Mountain View Physician Practice, Inc., entered into a purchase agreement with Rennova Health, Inc. to sell certain assets and liabilities related to the Company. The purchase was completed on June 1, 2018.

While the Company expects that its operations will continue to provide additional revenue and cash flow sources, there can be no assurance that the Company will be able to generate enough cash to achieve profitability. The ability of the Company to continue as a going concern is dependent upon its ability to significantly reduce its operating costs, increase its revenues and eventually regain profitable operations. The accompanying combined financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). The amendments in this update create Topic 842, Leases, and supersede the leases requirements in Topic 840, Leases. Topic 842 specifies the accounting for leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The main difference between Topic 842 and Topic 840 is the recognition of lease assets and lease liabilities for those leases classified as operating leases under Topic 840. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model in Topic 842, the effect of leases in the statement of comprehensive income and the statement of cash flows is largely unchanged from previous GAAP. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years for public business entities. Early application of the amendments in ASU 2016-02 is permitted. The Company has not yet determined the impact that adoption of ASU 2016-02 will have on its combined financial statements.

Note 2. Inventories

Inventories at March 31, 2018 (unaudited) and December 31, 2017 were $426,010 and $428,964, respectively.

Note 3. Property and Equipment

Property and equipment, at March 31, 2018 (unaudited) and December 31, 2017 consists of the following:

	March 31, 2018	December 31, 2017
Land and improvements	$ 760,000	$ 760,000
Buildings and improvements	3,315,110	3,284,512
Equipment and fixtures	3,838,692	3,531,272
Leasehold improvements	23,843	23,843
Construction in progress	347,681	347,681
	8,285,326	7,947,308
Accumulated depreciation	(3,527,930)	(3,201,864)
Property and equipment, net	$ 4,757,396	$ 4,745,444

Depreciation expense for the three months ended March 31, 2018 and 2017 (unaudited) was $175,378 and $238,289, respectively.

Note 4. Intangible Assets

Intangible assets at each of March 31, 2018 and December 31, 2017, include $1.2 million for the fair value of Medicare licenses which is not subject to amortization. The appraised value of these licenses was recorded when they were initially acquired and is subject to impairment testing. No factors have been determined to have impaired the fair value of this asset. In addition, intangible assets included the following at March 31, 2018 (unaudited) and December 31, 2017:

	March 31, 2018	December 31, 2017
Software	$ 757,378	$ 1,051,807
Intangible Assets Other	526,279	526,279
	1,283,657	1,578,086
Accumulated amortization	(896,906)	(1,027,644)
	$ 386,751	$ 550,442

The related amortization expense for the three months ended March 31, 2018 and 2017 (unaudited) was $19,949 and $42,444, respectively.

Note 5. Commitments and Contingencies

The Company leases various equipment, vehicles and office facilities under operating leases. The expenses incurred under operating lease agreements included in general and administrative expenses for the three months ended March 31, 2018 and 2017, were $75,239 and $116,878, respectively.

Note 6. Related Party Transactions

Included in due to related party at March 31, 2018 (unaudited) and December 31, 2017 was $19,908,071 and $18,814,484, respectively, due to the Company's sole member, Community Health Systems, Inc. (CHS), related to deferred credits and intercompany transactions. On June 1, 2018, certain assets and liabilities of the Company were acquired as part of a transaction between Community Health Systems, Inc. (CHS), which was the parent company for HMA Fentress County Hospital, LLC operating as Jamestown TN Medical Center, Inc. and Jamestown HMA Physician Management, LLC operating as Mountain View Physician Practice, Inc., and Rennova Health, Inc. As part of the asset purchase agreement executed on January 31, 2018, all the deferred credits and intercompany transactions due to CHS were settled in full and none of the related liabilities outstanding at March 31, 2018 and December 31, 2017 remained outstanding after the transaction was complete. See note 8 for further details on the transaction.

Note 7. Subsequent Events

On June 1, 2018, Community Health Systems, Inc. (CHS), which was the parent company for HMA Fentress County Hospital, LLC operating as Jamestown TN Medical Center, Inc. and Jamestown HMA Physician Management, LLC operating as Mountain View Physician Practice, Inc., completed a transaction to sell certain assets and liabilities related to the Company, to Rennova Health, Inc.

Rennova Health, Inc. valued the net assets acquired, at approximately $7.1 million, of which $6.5 million was recorded as property and equipment. The sale also included the separate physician practice, Jamestown HMA Physician Management, LLC, now operating under Mountain View Physician Practice, Inc. The cash consideration received by CHS as part of the transaction was an aggregate of $635,096 which included $35,735 in closing costs. There was an additional $33,887 in other costs which were subsequently identified and recorded. In addition, there were approximately $196,000 of accrued liabilities that were assumed as part of the acquisition.

Rennova Health, Inc. and the Company evaluated for recognition or disclosure all events or transactions that occurred after March 31, 2018 through January 10, 2019, the date these combined financial statements were available to be issued.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On June 1, 2018, Rennova Health, Inc. (Rennova), together with its subsidiaries (the "Company", "we", "us" or "our"), acquired from Community Health Systems, Inc. (CHS), certain assets of HMA Fentress County Hospital, LLC, and Jamestown HMA Physician Management, LLC, now operating as the Jamestown TN Medical Center, Inc., and Mountain View Physician Practice, Inc. (together "Jamestown Medical Center"), for total consideration of approximately $635,096 which included $35,735 in closing costs (the "Acquisition"). There was an additional $33,887 in other costs which were subsequently identified and recorded. Diligence, legal and other costs associated with the Acquisition are estimated to be approximately $500,000, meaning that the total cost of the Acquisition to the Company was approximately $1.1 million. In addition, there were approximately $196,000 of accrued liabilities that were assumed as part of the Acquisition.

The cash consideration for the Acquisition and the related fees and expenses were funded primarily with investment funds. During the six months ended June 30, 2018, the Company completed several private placement offerings with institutional investors for $6.8 million in principal less original issue discounts of an aggregate of $1.3 million and received proceeds totaling $5.5 million.

The following unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements of Rennova and Jamestown Medical Center, as adjusted to give effect to the Acquisition. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2018 and 2017, and the years ended December 31, 2017 and 2016, give effect to the Acquisition as if it had occurred on January 1, 2016. The unaudited pro forma condensed combined balance sheet as of December 31, 2017, gives effect to the Acquisition as if it had occurred on December 31, 2017.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited condensed pro forma financial data is presented for informational purposes only and does not purport to represent our financial condition or our results of operations had the Acquisition occurred on or as of the dates noted above or to project the results for any future date or period.

The Acquisition will be accounted for using the acquisition method of accounting. The unaudited pro forma adjustments reflect adjustments required under generally accepted accounting principles for business combinations and are based upon, among other things, preliminary estimates of fair market values of assets acquired, and liabilities assumed and certain assumptions that we believe are reasonable. We have not completed the purchase price allocation and these preliminary estimates are subject to revision. Revisions to the preliminary estimates of fair market value may have a significant impact on the pro forma amounts of total assets, total liabilities and member's deficit, depreciation and amortization expense, interest expense and income tax expense.

The unaudited pro forma condensed combined financial statements should be read together with Rennova's historical consolidated financial statements, which are included in Rennova's latest annual report on Form 10-K (December 31, 2017) and our quarterly reports on Form 10-Q (March 31, 2018 and June 30, 2018), and Jamestown Medical Center's historical consolidated financial statements which are filed as exhibits to the Current Report on Form 8-K/A with which these unaudited pro forma condensed combined financial statements are filed.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of March 31, 2018

	Rennova Health Historical	Jamestown Medical Center Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
Cash and cash equivalents	$ 35,096	$ -	$ -		$ -
			(635,096)	(a)	
			600,000	(b)	
Accounts receivable, net	1,101,758	1,917,058	-		3,018,816
Inventories, net	251,029	426,010	-		677,039
Prepaids and other current assets	35,350	470,476	-		505,826
Income tax refunds receivable	1,915,343	-	-		1,915,343
Current assets of AMSG and HTS classified as held for sale	222,051	-	-		222,051
Total current assets	3,560,627	2,813,544	(35,096)		6,339,075
Property, plant and equipment, net	2,362,225	4,757,396	2,590,071	(c)	9,709,692
Deposits	193,006	-	-		193,006
Non-current assets of AMSG and HTS classified as held for sale	21,912	-	-		21,912
Other assets and deferred charges, net	-	1,601,610	(1,145,309)	(d)	456,301
Total assets	$ 6,137,770	$ 9,172,550	$ 1,409,666		$ 16,719,986
Accounts payable	$ 4,605,123	$ 47,750	$ (47,750)	(e)	$ 4,605,123
Accrued expenses	4,131,767	496,964	(302,998)	(f)	4,325,733
Income taxes payable	1,968,750	-	-		1,968,750
Current portion of notes payable	6,957,830	-	-		6,957,830
Current portion of notes payable, related parties	1,068,500	-	-		1,068,500
Current portion of capital lease obligations	1,715,727	-	-		1,715,727
Current portion of debentures	3,445,841	-	-		3,445,841
Current portion of derivative liabilities	152,423,375	-	-		152,423,375
Current liabilities of AMSG and HTS classified as held for sale	2,062,992	-	-		2,062,992
Due to related party and other deferred credits	-	19,908,071	(19,908,071)	(g)	-
Total current liabilities	178,379,905	20,452,785	(20,258,819)		178,573,871
Debentures, net current portion	3,794,079	-	-		3,794,079
Total liabilities	182,173,984	20,452,785	(20,258,819)		182,367,950
Redeemable Preferred Stock I-1	5,835,294	-	-		5,835,294
Redeemable Preferred Stock I-2	2,036,118	-	-		2,036,118
Stockholders' deficit:					
Preferred stock	17,502	-	-		17,502
Common stock	4,999,922	-	-		4,999,922
Additional paid-in-capital	126,619,959	-	10,388,250	(h)	137,008,209
Accumulated deficit	(315,545,009)				(315,545,009)
Member's deficit	-	(11,280,235)	11,280,235	(h)	-
Total stockholders' deficit	(183,907,626)	(11,280,235)	21,668,485		(173,519,376)
Total liabilities and stockholders' deficit	$ 6,137,770	$ 9,172,550	$ 1,409,666		$ 16,719,986

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Statements of Operations

Three Months Ended March 31, 2018

	Rennova Historical	Jamestown Medical Center Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
Net revenues	$ 1,601,661	$ 3,705,528	$ -		$ 5,307,189
Direct costs of revenue	(2,089,366)	-	-		(2,089,366)
Selling, general and administrative expense	(2,890,804)	(3,958,398)	-		(6,849,202)
Depreciation and amortization expense	(333,515)	(195,327)	(129,944)	(i)	(658,786)
Other income (expense)	11,969	(266,288)	-		(254,319)
Change in fair value of derivative instruments	(139,779,232)	-	-		(139,779,232)
Interest expense, net	(3,307,014)	(5,089)	-		(3,312,103)
Operating (loss)	(146,786,301)	(719,574)	(129,944)		(147,635,819)
Net income from discontinued operations	421,793	-	-		421,793
(Loss) before income taxes	(146,364,508)	(719,574)	(129,944)		(147,214,026)
Income tax benefit (provision)	(76)	-	-		(76)
Net (loss)	$ (146,364,584)	$ (719,574)	$ (129,944)		$ (147,214,102)
Basic and diluted net loss per share	$ (0.66)	-	-		$ (0.66)
Weighted average common shares outstanding Basic and Diluted	221,942,501	-	-		221,942,501

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Statements of Operations

Year Ended December 31, 2017

	Rennova Historical	Jamestown Medical Center Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
Net revenues	$ 3,088,216	$ 16,358,516	$ -		$ 19,446,732
Direct costs of revenue	(948,838)	-	-		(948,838)
Selling, general and administrative expense	(16,500,164)	(18,029,847)	-		(34,530,011)
Depreciation and amortization expense	(1,715,321)	(1,118,813)	(779,664)	(i)	(3,613,798)
Other income (expense)	38,342	(969,016)	-		(930,674)
Change in fair value of derivative instruments	(12,435,250)	-	-		(12,435,250)
Interest expense, net	(21,432,285)	(13,105)	-		(21,445,390)
Operating (loss)	(49,905,300)	(3,772,265)	(779,664)		(54,457,229)
Net (loss) from discontinued operations	(4,276,918)	-	-		(4,276,918)
(Loss) before income taxes	(54,182,218)	(3,772,265)	(779,664)		(58,734,147)
Income tax benefit (provision)	(1,015,724)	-	167,628	(j)	(848,096)
Net (loss)	$ (55,197,942)	$ (3,772,265)	$ (612,036)		$ (59,582,243)
Deemed dividend from trigger of down round provision feature	$ (53,341,619)	$ -	$ -		$ (53,341,619)
Net loss to common shareholders	(108,539,561)	(3,772,265)	(612,036)		(112,923,862)
Net loss per common share:					
Basic and diluted: continuing operations	(45.17)	-	-		(47.07)
Basic and diluted: discontinued operations	(1.85)	-	-		(1.85)
Total Basic and diluted	$ (47.02)	$ -	$ -		$ (48.92)
Weighted average number of common shares outstanding during the period:					
Basic and diluted	2,308,090	-	-		2,308,090

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1 - Basis of Presentation

The historical consolidated financial statements have been adjusted in the pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the Acquisition, (2) factually supportable and (3) with respect to the pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results following the business combination.

The business combination was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations. As the acquirer for accounting purposes, the Company has estimated the fair value of Jamestown Medical Center's assets acquired and liabilities assumed and conformed the accounting policies of Jamestown Medical Center's to its own accounting policies.

The pro forma condensed combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the Acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The unaudited pro forma condensed combined financial statements include estimated deferred tax liabilities associated with non-deductible intangible assets and property, plant and equipment. The historical U.S. income tax rate in effect as of December 31, 2017 was 35% which was the basis for recording the estimated deferred tax liabilities. On December 22, 2017, the United States enacted legislation which resulted in significant changes to U.S. tax and related laws, including a reduction in the corporate income tax rate from 35% to 21.5% (the rate in effect at the date of the Acquisition). The effect of this tax rate change will be to reduce the level of goodwill and deferred tax liabilities recorded in connection with the Acquisition from amounts presented in the unaudited pro forma condensed combined financial statements for the year ended December 31, 2017.

The pro forma condensed combined financial information does not reflect the realization of any synergies from the Acquisition following the completion of the business combination.

Note 2 - Transaction Financing

The Company completed the Acquisition for cash consideration of approximately $635,096 which included $35,735 in closing costs (the "Acquisition"). There was an additional $33,887 in other costs which were subsequently identified and recorded. Diligence, legal and other costs associated with the acquisition are estimated to be approximately $500,000, meaning that the total cost of acquisition to the Company was approximately $1.1 million. The cash consideration for the Acquisition and the related fees and expenses were funded primarily with investment funds. In addition, there were approximately $196,000 of accrued liabilities that were assumed as part of the Acquisition.

During the six months ended June 30, 2018, the Company completed several private placement offerings with institutional investors for $6.8 million in principal less original issue discounts of an aggregate of $1.3 million and received proceeds totaling $5.5 million.

Note 3 - Preliminary Purchase Price Allocation

The Company has performed a preliminary valuation analysis of the fair market value of Jamestown Medical Center's assets and liabilities. The following table summarizes the preliminary allocation of the purchase price to the identifiable assets acquired, and liabilities assumed, as of Acquisition date, June 1, 2018:

Total purchase price	$	635,096
Tangible and Intangible assets acquired, and liabilities assumed at estimated fair value:		
Cash	$	375
Inventories		450,682
Prepaids and deposits		310,384
Property and equipment		7,347,467
Intangible Assets (Note 4)		452,455
Accrued expenses		(193,966)
Net tangible and intangible assets acquired	$	8,367,397
Gain on bargain purchase	$	7,732,302

The preliminary fair value of the purchase consideration paid to the Seller was allocated to the net tangible and intangible assets acquired. The Company accounted for the acquisition as a business combination under U.S. GAAP. In accordance with the acquisition method of accounting under ASC Topic 805, "Business Combinations," ("ASC 805") the assets acquired, and liabilities assumed were recorded as of the acquisition date, at their respective fair values and consolidated with those of the Company.

The Company is currently undertaking a valuation study to determine the fair value of the assets acquired. The preliminary estimated fair value of the net assets acquired, and liabilities assumed is approximately $8.4 million. The excess of the aggregate fair value of the net tangible assets acquired over the purchase price is currently estimated to be $7.7 million and has been treated as a gain on bargain purchase in accordance with ASC 805. In addition, during the measurement period or until the valuation study is complete, the provisional amounts used for the purchase price allocation are subject to adjustments for a period not to exceed one year from the acquisition date. As a result, upon completion of the valuation study, the gain on bargain purchase presented above may be increased or decreased.

The preliminary purchase price allocation was based, in part, on management's knowledge of HMA Fentress County General Hospital and Jamestown HMA Physician Management, LLC, and on Jamestown Medical Center's historical balance sheet as of the Acquisition date, June 1, 2018. This information has been used to prepare pro forma adjustments in the unaudited pro forma condensed combined balance sheet and statements of operations. The final purchase price allocation will be determined when the Company has completed the valuation study. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include (1) changes in allocations to intangible assets such as trade names, technology and customer relationships, (2) changes in U.S. tax laws subsequent to March 31, 2018, (3) changes in fair values of property, plant and equipment and (4) other changes to assets and liabilities.

Note 4 - Pro Forma Adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

(a) Reflects cash consideration paid in connection with the Acquisition, excluding cash acquired.

(b) Reflects cash proceeds received by the Company through investments used to finance the cash portion of the Acquisition.

(c) Reflects an adjustment of $2.6 million to increase the basis in the acquired property, plant and equipment to estimated fair value of $7.3 million. The fair value and useful life calculations are preliminary and subject to change after the Company finalizes its review of the specific types, nature, age and condition of Jamestown Medical Center's property, plant and equipment.

(d) Reflects the adjustment of historical intangible assets acquired by the Company to their estimated fair values. This adjustment was to reduce Jamestown Medical Center's historical Intangible Assets by $1.1 million to $456,301 at the date of acquisition of June 1, 2018 and $452,455 at June 30, 2018 as reflected on Rennova's consolidated financial statements at June 30, 2018. The intangible assets at June 30, 2018 were comprised mainly of non-compete and licensing agreements. Rennova's management completed a preliminary fair value of the purchase consideration paid to the Seller which was allocated to the net tangible and intangible assets acquired. See Note 3 for further details. As part of the preliminary valuation analysis, the Company identified intangible assets, including technology, trade names, and noncompete agreements. The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows. Since all information required to perform a final detailed valuation analysis of Jamestown Medical Center's intangible assets could not be obtained as of the date of this filing, for purposes of these unaudited pro forma condensed combined financial statements, the Company used certain assumptions based on preliminary valuation analysis estimates and publicly available transaction data for the industry.

(e) Reflects adjustments to eliminate the portion of Jamestown Medical Center's historical accounts payable balance not assumed in the Acquisition.

(f) Reflects adjustments to eliminate the portion of costs incurred as part of the Acquisition, mostly relating to accrual of vacation costs for employees who remained employed with the hospital. As part of the Acquisition, Rennova continued certain benefits arrangements which totaled $0.2 million as of June 30, 2018.

(g) Reflects adjustments to eliminate intercompany liabilities not assumed in connection with the Acquisition.

(h) Represents the elimination of the equity and other assets and deferred charges, net of Jamestown Medical Center.

(i) Reflects adjustments to depreciation and amortization expense based on the preliminary purchase price allocation as of the acquisition date as presented in Note 3. See (c) above.

(j) Reflects the income tax effect of pro forma adjustments using an approximate combined U.S. federal and state statutory tax rate of 20.5% in effect for the year ended December 31, 2017.