Preferred Commerce, Inc.

Consolidated Financial Statements

Years Ended November 30, 2014 and 2013

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D. Brooks and Associates CPA's, P.A.
Certified Public Accountants ● Valuation Analyst ●Advisors

ACCOUNTANT'S COMPILATION REPORT

To the Stockholders of
Preferred Commerce, Inc.

We have compiled the accompanying consolidated balance sheets of Preferred Commerce, Inc. as of November 30, 2014 and 2013, and the related consolidated statements of operations, stockholders' deficiency and cash flows for the years then ended. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



D. Brooks and Associates CPA's, P.A

West Palm Beach, Florida
February 24, 2015

PREFERRED COMMERCE, INC.
CONSOLIDATED BALANCE SHEETS
AS OF NOVEMBER 30, 2014 AND 2013

	2014 (Restated)	2013 (Restated)
Assets		
Current Assets:		
Cash	$ 19,162	$ 796
Accounts receivable	-	28,000
Inventory	351,621	226,451
Total current assets	370,783	255,247
Propert and Equipment, Net	14,968	21,744
Other Assets	176,200	1,200
Total assets	$ 561,951	$ 278,191
Liabilities and Stockholders' Deficiciency		
Current Liabilities:		
Accounts payable and accrued expenses	$ 3,890,750	$ 3,285,267
Note payable	25,000	40,300
Notes payable - stockholders	4,013,234	2,279,107
Total current liabilities	7,928,984	5,604,674
Stockholders' Deficiency:		
Preferred stock, $0.001 par value; 2,500,000 shares authorized, 5,000 and 2,417,943 shares issued and outstanding, respectively	1	2,418
Common stock, $0.0001 par value; 150,000,000 shares authorized, 51,322,596 and 24,641,823 issued and outstanding, respectively	5,239	2,468
Common stock to be issued, $0.0001 par value; 381,760 and 0 shares, respectively	38	-
Additional paid in capital	22,064,001	22,064,248
Subscription receivable	(70,000)	(70,000)
Accumulated deficit	(29,366,312)	(27,325,617)
Total stockholders' deficiency	(7,367,034)	(5,326,483)
Total liabilities and stockholders' deficiency	$ 561,951	$ 278,191

See accountant’s compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED NOVEMBER 30, 2014 AND 2013

	2014 (Restated)	2013 (Restated)
Revenues	$ 90,624	$ 158,334
Cost of Sales	33,855	88,762
Gross profit	56,769	69,572
Operating Expenses:		
Personnel costs	792,825	1,079,749
Professional fees	578,864	196,310
Advertising and promotions	138,209	16,875
Rent	148,658	114,564
Other general and administrative	221,625	234,485
Total operating expenses	1,880,181	1,641,983
Operating loss	(1,823,412)	(1,572,411)
Other Income (Expense):		
Interest expense	(302,239)	(227,733)
Gain on settlements	84,956	141,200
Total other income (expense), net	(217,283)	(86,533)
Net Loss	$ (2,040,695)	$ (1,658,944)

See accountant's compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY
YEARS ENDED NOVEMEBR 30, 2014 AND 2013

	Common Stock		Common Stock to Be Issued		Preferred Stock		Additional Paid in	Subscription	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Receivable	Deficit	Total
Balances, November 30, 2012	24,681,823	$2,468	-	$ -	2,417,943	$2,418	$22,064,248	$ (70,000)	$ (25,666,673)	$ (3,667,540)
Net loss	-	-	-	-	-	-	-	-	(1,658,944)	(1,658,944)
Balances, November 30, 2013	24,681,823	2,468	-	-	2,417,943	2,418	22,064,248	(70,000)	(27,325,617)	(5,326,483)
Issuance of common stock with debt	1,071,740	107	381,760	38	-	-	-	-	-	145
Recapitalization	26,640,773	2,664	-	-	(2,412,943)	(2,417)	(247)	-	-	-
Net loss	-	-	-	-	-	-	-	-	(2,040,695)	(2,040,695)
Balances, November 30, 2014	52,394,336	$5,239	381,760	$ 38	5,000	$ 1	$22,064,001	$ (70,000)	$ (29,366,312)	$ (7,367,033)

See accountant's compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2014 AND 2013

	2014 (Restated)	2013 (Restated)
CASH FROM OPERATING ACTIVITIES:		
Net loss	$ (2,040,695)	$(1,658,944)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation	7,775	47,700
Issuance of common stock with debt	145	-
Decrease in accounts receivable	28,000	3,895
Decrease (increase) in inventory	(125,170)	61,184
Decrease in other assets	-	35,576
Accrued interest on notes payable	265,327	227,733
Increase in accounts payable	605,484	1,062,361
Net cash used in operations	(1,259,134)	(220,495)
CASH FROM INVESTING ACTIVIIES:		
Purchase of property and equipment	(1,000)	(10,750)
Deposit on acquisition	(175,000)	-
Net cash used in investing activities	(176,000)	(10,750)
CASH FROM FINANCING ACTIVIIES:		
Bank overdraft	-	(26,816)
Proceeds from sale of common stock	-	361,457
Advances from (repayments to) stockholders	1,453,500	(102,600)
Net cash provided by financing activities	1,453,500	232,041
NET CHANGE IN CASH	18,366	796
Cash at Beginning of the year	796	-
Cash at End of Year	$ 19,162	$ 796
SUPPLEMNTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	$ -	$ -
Cash Paid for Income Taxes	$ -	$ -

See accountant's compilation report.

NOTE 1 – ORGANIZATION AND BUSINESS

OpenCell Biomed, Inc. was incorporated in the State of Nevada on July 7, 2006, and its fiscal year end is November 30. On July 4, 2008 a Share Exchange Agreement (the "Agreement") was entered into between the Company and Biomedical Implant Technologies Ltd. ("BIT"). The fundamental terms of the purchase agreement was for the Company to issue 20,000,000 shares of restricted common stock of the Company for the acquisition of BIT (the "OCBM Transaction"). As a result, BIT became a wholly-owned subsidiary of the Company. Prior to the OCBM Transaction, the Company was a non-operating public company with no operations or assets; it had 6,040,000 shares of common stock issued and outstanding; and BIT was a privately held operating company. The OCBM Transaction was considered to be a capital transaction in substance, rather than a business combination. The OCBM Transaction is equivalent to the issuance of shares by a private company (BIT) for the non-monetary assets of a non-operational public company, accompanied by a recapitalization. The accounting for the OCBM Transaction is similar to that resulting from a reverse acquisition, except goodwill is not recorded. Accordingly, the historical financial information of the accompanying financial statements are that of BIT with the 20,000,000 shares issued by the Company considered the historical outstanding shares of BIT for accounting purposes. The Company's operating activities are conducted through its wholly owned subsidiary, Biomedical Implant Technologies Ltd.

Biomedical Implant Technologies Ltd was incorporated under the laws of the Province of Ontario, Canada on November 27, 2007. BIT was a development stage company and is in the business of development, marketing and selling a proprietary dental implant system known as the "Ti-Foam Dental Implant System".

Preferred Commerce, Inc. (the "Company") was organized as a Delaware corporation on March 19, 1999, under the name of Plantfind.com, Inc. In June 2014, the Company changed its name to Preferred Commerce Inc. and redomiciled in Nevada. The Company develops and sells unique children's education and online gaming products designed to combat childhood obesity and promote nutritious choices. The Company currently sells its products through its website, www.growums.com.

In August 2014, the Company executed a share exchange agreement pursuant to which the stockholders of the Company obtained 99% of the issued and outstanding common stock of Opencell Biomed, Inc. The transaction was accounted for as a reverse capitalization and the accompanying consolidated financial statements include the historical financial statements of the Company and Opencell Biomed, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AN CONSOLIDATION

The accompanying financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Opencell Biomed, Inc. All intercompany balances and transactions are eliminated in consolidation.

RESTATEMENT

The accompanying financial statements have been restated to record a note payable issued prior to 2011 in the amount of $25,000 and related accrued interest. The note payable was an obligation of the predecessor entity and remains outstanding. The following summarizes the impact of the restatement on the accompanying consolidated financial statements:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidated Balance Sheet as of November 30, 2014	As Reported	Adjustment	Restated
Accounts payable and accrued expenses	$ 3,886,246	$ 4,504	$ 3,890,750
Notes payable	$ -	$ 25,000	$ 25,000
Current liabilities	$ 7,899,480	$ 29,504	$ 7,928,894
Accumulated deficit	$ 29,336,808	$ 29,504	$29,366,312
Total stockholders' deficiency	$ 7,337,529	$ 29,504	$ 7,367,034

Consolidated Balance Sheet as of November 30, 2013	As Reported	Adjustment	Restated
Accounts payable and accrued expenses	$ 3,282,264	$ 3,004	$ 3,285,268
Notes payable	$ 15,300	$ 25,000	$ 40,300
Current liabilities	$ 5,576,671	$ 28,004	$ 5,604,675
Accumulated deficit	$ 27,279,111	$ 28,004	$27,307,115
Total stockholders' deficiency	$ 5,298,480	$ 28,004	$ 5,326,484

Consolidated Statement of Operations for the Year Ended November 30, 2014	As Reported	Adjustment	Restated
Interest expense	$ 300,739	$ 1,500	$ 302,239
Net loss	$ 2,039,195	$ 1,500	$ 2,040,695

Consolidated Statement of Operations for the Year Ended November 30, 2013	As Reported	Adjustment	Restated
Interest expense	$ 226,233	$ 1,500	$ 227,733
Net loss	$ 1,657,444	$ 1,500	$ 1,658,944

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original term of three months or less to be cash equivalents.

INVENTORY

Inventory is valued at the lower of cost or market value. Cost is determined using the first in first out (FIFO) method. Provision for potentially obsolete or slow moving inventory is made based on management analysis of inventory levels and future sales forecasts. The Company's inventory consists of components acquired from third-parties that are assembled by the Company in fulfillment of standing customer orders.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, and depreciation is provided by use of straight-line methods over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Office equipment and furniture	5 years
Computer hardware and software	3 years

REVENUE RECOGNITION

The Company recognizes revenue in accordance with FASB ASC 605, Revenue Recognition. ASC 605 requires that four basic criteria are met (1) persuasive evidence of an arrangement exists, (2) delivery of products and services has occurred, (3) the fee is fixed or determinable and (4) collectability is reasonably assured. The Company recognizes revenue during the period in which the product is shipped.

EQUITY-BASED COMPENSATION

Compensation expense for all stock-based employee and director compensation awards granted is based on the grant date fair value estimated in accordance with the provisions of ASC Topic 718,*Stock Compensation* ("ASC Topic 718"). The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. Vesting terms vary based on the individual grant terms.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of the Company's notes payable and accounts payable approximate fair value due to their short term nature.

INCOME TAXES

The Company uses the asset and liability method in accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on difference between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company applies the provisions of ASC Topic 740-10-25, *Income Taxes – Overall – Recognition* ("ASC Topic 740-10-25") with respect to the accounting for uncertainty of income tax positions. ASC Topic 740-10-25 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740-10-25 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of November 30, 2014, tax years since 2011 remain open for IRS audit. The Company has received no notice of audit from the Internal Revenue Service for any of the open tax years.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements issued by the FASB and the SEC did not have, or are not believed by management to have, a material impact on the Company's present or future consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

The Company's property and equipment consists of the following as of November 30, 2014 and 2013:

	2014	2013
Computer equipment and software	$205,096	$204,096
Furniture, fixtures and office equipment	47,254	47,254
Accumulated depreciation	(237,382)	(229,606)
Total	$ 14,968	$ 21,744

Depreciation expense totaled $7,775 and $47,700 for the years ended November 30, 2014 and 2013, respectively.

NOTE 4 – NOTE PAYABLE

In March 2013, the Company issued a promissory note in the amount of $15,300 as consideration for the repurchase of inventory from a former distributor. The note matured on March 21, 2014, and accrues interest at an annual rate of 18%. The balance of the note was repaid during the year ended November 30, 2014, The balance of the notes as of November 30, 2013, including accrued interest, was $15,300.

In November 2011, the Company issued a convertible note payable in the amount of $25,000 for services rendered. The convertible note is due on demand and convertible into common stock of the Company at a rate of $0.01 per share. The balance of the note was $25,000 as of November 30, 2014 and 2013, and accrued interest included in accounts payable and accrued expenses totaled $4,504 and $3,004, respectively.

NOTE 5 – NOTES PAYABLE, STOCKHOLDERS

Notes payable to stockholders as of November 30, 2014 and 2013 consist of the following:

	2014	2013
Notes payable to stockholders for investments in 2007 totaling $250,000. The notes are due on demand and accrue interest at an annual rate of 18%. The balance of the notes included accrued interest of $580,118 and $425,830 as of November 30, 2014 and 2013, respectively.	$830,118	$675,830
Notes payable to stockholders for investments in 2008 and 2009 totaling $80,000. The notes are due on demand and accrue interest at an annual rate of 10%. The balance of the notes included accrued interest of $214,345 and $196,729 as of November 30, 2014 and 2013, respectively.	294,345	276,729
Loans from stockholders, accruing interest at annual rates ranging from 8% to 12% and due on demand.	933,895	805,203
Loans from employees, stockholders and officers. Due on demand and non-interest bearing. During the year ended November 30, 2014, in connection with stockholders advances of $1,453,500 the Company agreed to issue to the stockholders, an aggregate of 1,435,500 shares of common stock, of which 381,760 shares had yet to be issued as of November 30, 2014.	1,938,440	504,909
Loan from a bank, accrues interest at an annual rate of 10.75%, due on demand.	16,436	16,436
	$ 4,013,234	$2,279,107

NOTE 6 – STOCKHOLDERS' DEFICIENCY

Common Stock

During the year ended November 30, 2014, the Company issued 26,640,773 shares of common stock pursuant to the August 2014 merger. See Note 1.

During the year ended November 30, 2014, the Company agreed to issue to the stockholders, an aggregate of $1,435,500 shares of common stock, of which 381,760 shares had yet to be issued as of November 30, 2014. The shares were recorded at their par value of $145, which is included in interest expense on the accompanying consolidated statement of operations for the year ended November 30, 2014.

Stock Options

The following is a summary of the Company's stock option activity for the years ended November 30, 2013 and 2014:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term (Years)
Outstanding at November 30, 2013	631,500		
Granted	20,000	$0.70	
Outstanding at November 30, 2013	651,500	$1.16	2.3
Granted	20,000	$0.70	4.1
Expired	(30,000)	$2.00	-
Canceled (Recapitalization)	(641,500)		
Outstanding at November 30, 2014	-		

Preferred Stock

The Company's preferred stock provides its holders with the follow rights:

- Aggregate voting power of 100% of the combined voting power of the Company's voting shares.
- Each share is Convertible into common stock at the option of the holder into 4,000 shares of common stock.
- Liquidation preference equal to the amount paid for the preferred stock.

During the year ended November 30, 2014, the Company cancelled 2,412,943 shares of common stock in connection with the August 2014 merger. See note 1.

NOTE 7 – INCOME TAXES

The Company's income tax benefit for the years ended November 30, 2014 and 2013 is as follows:

	2014	2013
Current:		
Federal	$ -	$ -
State	-	-
Deferred:		
Federal	(692,781)	(695,305)
State	(76,002)	(76,279)
Change in Valuation Allowance	768,783	771,585
	$ -	$ -

Reconciliation of the Company's effective tax rate to statutory rates for the years ended November 30, 2014 and 2013 is as follows:

	2014	2013
Federal	34%	34%
State	4%	4%
Permanent difference	0%	25%
Change in Valuation Allowance	(38)%	(62)%
	-	-

The Company's tax assets consist of the following as of November 30, 2014 and 2013:

	2014	2013
Fixed assets	$ 15,376	$ 25,336
Intangible assets	48,200	51,354
Net operating losses	3,685,737	2,869,694
Bad debt allowance	-	34,146
Valuation Allowance	(3,749,313)	(2,980,530)
	$ -	$ -

As of November 30, 2014, the Company has net operating losses totaling approximately $9,769,000 available to offset future taxable income through 2027.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Lease Agreements

The Company leases office and warehouse space pursuant to a three-year lease executed in May 2013. The lease requires monthly lease payments of $3,800 in year 1, $3,914 in year 2, and $4,031 in year 3. The lease is renewal at the Company's option for an additional two-year period. Future minimum rental payments are as follows:

Year Ending November 30,	
2015	$47,787
2016	20,155
Thereafter	-
	$67,942

Rent expense including common area maintenance and operating expense totaled $148,658 and $114,464 for the years ended November 30, 2014 and 2013, respectively.

NOTE 9 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As of November 30, 2014 the Company had a working capital deficit of $7,558,201. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management plans to seek additional debt or equity financing while expanding its retail presence to ultimately generate cash from operations. There can be no assurance that debt or equity financing will be available on acceptable terms.

NOTE 10 – SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through February 24, 2015, which is the date these consolidate financial statements were available to be issued.