Preferred Commerce, Inc.

Consolidated Financial Statements

Quarter Ended May 31, 2015

Table of Contents

Accountant's Compilation Report 1

Consolidated Balance Sheets as of May 31, 2015 and November 30, 2014 2

Consolidated Statements of Operations for the Three and Six Months Ended May 31, 2015 and 2014 3

Consolidated Statement of Stockholders' Deficiency for the Six Months Ended May 31, 2015 4

Consolidated Statements of Cash Flows for the Six Months Ended May 31, 2015 and 2014 5

Notes to the Consolidated Financial Statements 6

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 May 31, 2015 and November 30, 2014, and the related consolidated statements of operations, stockholders' deficiency and cash flows for the six months then ended May 31, 2015 and 2014. 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
June 28, 2015

PREFERRED COMMERCE, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MAY 31, 2015 AND NOVEMBER 30, 2014

	2015	2014
Assets		
Current Assets:		
Cash	$ 24,152	$ 19,162
Accounts receivable	3,037	-
Inventory	404,888	351,621
Prepaid expenses	8,133	-
Total current assets	440,210	370,783
Propert and Equipment, Net	13,613	14,968
Other Assets	177,753	176,200
Total assets	$ 631,576	$ 561,951
Liabilities and Stockholders' Deficiciency		
Current Liabilities:		
Accounts payable and accrued expenses	$ 3,987,639	$ 3,890,750
Note payable	25,000	25,000
Notes payable - stockholders	5,017,113	4,013,234
Total current liabilities	9,029,751	7,928,984
Stockholders' Deficiency:		
Preferred stock, $0.001 par value; 2,500,000 shares authorized, 5,000 shares issued and outstanding	1	1
Common stock, $0.0001 par value; 150,000,000 shares authorized, 53,573,336 and 52,394,336 issued and outstanding, respectively	5,357	5,239
Common stock to be issued, $0.0001 par value; 227,760 and 381,760 shares, respectively	23	38
Additional paid in capital	22,064,001	22,064,001
Subscription receivable	(70,000)	(70,000)
Accumulated deficit	(30,397,558)	(29,366,312)
Total stockholders' deficiency	(8,398,176)	(7,367,033)
Total liabilities and stockholders' deficiency	$ 631,576	$ 561,951

See accountant’s compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2015 AND 2014

	Three Months Ended May 31,		Six Months Ended May 31,	
	2015	**2014**	**2015**	**2014**
Revenues	$ 54,310	$ 27,658	$ 97,417	$ 29,919
Cost of Sales	40,247	8,394	68,521	9,219
Gross profit	14,063	19,264	28,896	20,700
Operating Expenses:				
Personnel costs	254,350	188,790	487,655	431,193
Professional fees	116,952	54,001	208,357	349,624
Advertising and promotions	4,325	25,385	6,001	57,319
Rent	13,390	4,800	25,130	125,288
Other general and administrative	101,824	10,108	169,120	57,826
Total operating expenses	490,841	283,084	896,263	1,021,250
Operating loss	(476,778)	(263,820)	(867,367)	(1,000,550)
Other Expense:				
Interest expense	(87,408)	(62,750)	(163,879)	(121,472)
Gain on settlements	-	77,748	-	77,748
Total other expense	(87,408)	14,998	(163,879)	(43,724)
Net Loss	$ (564,186)	$ (248,822)	$ (1,031,246)	$ (1,044,274)

See accountant's compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY
FOR THE QUARTER ENDED MAY 31, 2015

	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, 2014	52,394,336	$5,239	381,760	$ 38	5,000	$ 1	$22,064,001	$ (70,000)	$(29,366,312)	$(7,367,033)
Issuance common stock subscribed	154,000	15	(154,000)	(15)	-	-	-	-	-	-
Issuance of common stock for interest and consulting fees	1,025,000	103	-	-	-	-	-	-	-	103
Net loss	-	-	-	-	-	-	-	-	(1,031,246)	(1,031,246)
Balances, May 31, 2015	53,573,336	$5,357	227,760	$ 23	5,000	$ 1	$22,064,001	$ (70,000)	$(30,397,558)	$(8,398,176)

See accountant's compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MAY 31, 2015 AND 2014

	2015	2014
CASH FROM OPERATING ACTIVITIES:		
Net loss	$ (1,031,246)	$(1,044,274)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation	7,166	1,575
Stock-based compensation	103	-
Decrease (increase) in accounts receivable	(3,037)	23,750
Increase in inventory	(53,267)	(173,632)
Increase in prepaid expenses	(8,133)	-
Increase in other assets	(1,553)	-
Accrued interest on notes payable	163,879	62,750
Increase in accounts payable and accrued expenses	96,889	828,768
Net cash used in operations	(829,199)	(301,063)
CASH FROM INVESTING ACTIVIIES:		
Purchase of property and equipment	(5,811)	-
Net cash used in investing activities	(5,811)	-
CASH FROM FINANCING ACTIVIIES:		
Advances from stockholders	840,000	314,115
Net cash provided by financing activities	840,000	314,115
NET CHANGE IN CASH	4,990	13,052
Cash at Beginning of the Period	19,162	796
Cash at End of Period	$ 24,152	$ 13,848
SUPPLEMNTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	$ -	$ -
Cash Paid for Income Taxes	$ -	$ -

See accountant's compilation report.

PREFERRED COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2015

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.

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.

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 February 28, 2015, 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 May 31, 2015 and November 30, 2014:

	2015	2014
Computer equipment and software	$205,096	$205,096
Furniture, fixtures and office equipment	51,064	47,254
Accumulated depreciation	(242,547)	(237,382)
Total	$ 13,613	$ 14,968

Depreciation expense totaled $7,165 and $1,575 for the six months ended May 31, 2015 and 2014, respectively.

NOTE 4 – NOTE PAYABLE

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 May 31, 2015 and November 30, 2014, and accrued interest included in accounts payable and accrued expenses totaled $5,254 and $4,504, respectively.

NOTE 5 – NOTES PAYABLE, STOCKHOLDERS

Notes payable to stockholders as of May 31, 2015 and November 30, 2014 consist of the following:

	2015	2014
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 $656,510 and $580,118 as of May 31, 2015 and November 30, 2014, respectively.	$906,510	$830,118
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 $232,271 and $214,345 as of May 31, 2015 and November 30, 2014, respectively.	312,271	294,345
Loans from stockholders, accruing interest at annual rates ranging from 8% to 12% and due on demand.	985,533	933,895

	2015	2014
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 May 31, 2015.	1,938,440	1,938,440
Advances from stockholders during the six months ended May 31, 2015; due 60 days after advances and non-interest bearing.	857,922	-
Loan from a bank, accrues interest at an annual rate of 10.75%, due on demand.	16,437	16,436
	$ 5,017,113	$ 4,013,234

NOTE 7 – INCOME TAXES

The Company's income tax benefit for the three months ended May 31, 2015 is as follows:

Current:	
Federal	$ -
State	-
Deferred:	
Federal	(350,624)
State	(38,465)
Change in Valuation Allowance	399,089
	$ -

Reconciliation of the Company's effective tax rate to statutory rates for the six months ended May 31, 2015 is as follows:

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

The Company's tax assets consist of the following as of May 31, 2015:

Fixed assets	$ 27,111
Intangible assets	50,303
Net operating losses	3,260,617
Bad debt allowance	34,146
Valuation Allowance	(3,371,176)
	$ -

As of May 31, 2015, the Company has net operating losses totaling approximately $8,080,000 available to offset future taxable income through 2027.

NOTE 8 – COMMON STOCK

During the three months ended May 31, 2015, the Company issued 25,000 shares with the issuance of a note payable in the amount of $25,000 and 1,000,000 shares of common stock for services rendered. The Company recorded the shares at their estimated fair value of $0.0001 per share.

NOTE 9 – 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 $25,130 for the six months ended May 31, 2015.

NOTE 10 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As of May 31, 2015 the Company had a working capital deficit of $8,589,541. 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 11 – SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through June 28, 2015, which is the date these consolidate financial statements were available to be issued.