Preferred Commerce, Inc.

Consolidated Financial Statements

Year Ended November 30, 2015

Table of Contents

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, 2015 and 2014, 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.

D. Brooks and Associates CPA's, P.A.
West Palm Beach, Florida
February 25, 2016

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

	2015	2014 (Restated)
Assets		
Current Assets:		
Cash	$ 34,513	$ 19,162
Accounts receivable	43,347	-
Inventory	391,053	351,621
Total current assets	468,913	370,783
Property and Equipment, Net	16,788	14,968
Other Assets	2,753	6,200
Total assets	$ 488,454	$ 391,951
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued expenses	$ 5,411,835	$ 4,569,000
Deferred revenue	21,667	-
Note payable	24,000	25,000
Notes payable - stockholders	4,369,682	3,320,717
Total current liabilities	9,827,184	7,914,717
Stockholders' Deficiency:		
Preferred stock, $0.0001 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, 55,493,786 and 52,814,631 issued and outstanding, respectively	5,549	5,281
Common stock to be issued, $0.0001 par value; -0- and		

421,000 shares, respectively	-	42
Treasury stock (85,107 shares)	9	9
Additional paid in capital	22,039,591	22,038,996
Subscription receivable	(70,000)	(70,000)
Accumulated deficit	(31,313,881)	(29,497,095)
Total stockholders' deficiency	(9,338,730)	(7,522,766)
Total liabilities and stockholders' deficiency	$ 488,454	$ 391,951

PREFERRED COMMERCE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED NOVEMBER 30, 2015 AND 2014

	2015	2014 (Restated)
Revenues	$ 247,418	$ 90,624
Cost of Sales	84,637	33,855
Gross profit	162,781	56,769
Operating Expenses:		
Personnel costs	1,038,366	792,825
Professional fees	359,892	578,864
Advertising and promotions	8,218	138,209
Rent	57,430	148,658

Other general and administrative	252,858	221,625
Total operating expenses	1,716,764	1,880,181
Operating loss	(1,553,983)	(1,823,412)
Other Expense:		
Interest expense	(263,703)	(302,239)
Gain on settlements	900	84,956
Total other expense	(262,803)	(217,283)
Net Loss	$(1,816,786)	$(2,040,695)

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY
YEARS ENDED NOVEMBER 30, 2015 AND 2014

Balances, November 30, 2014

Common Stock to

Additional Paid in Capital

Common Stock

Be Issued Stock

Preferred Stock

Treasury

Subscription

Accumulated

Shares Amount Shares Amount Shares Amount $

Receivable Deficit

$ 5,281 421,000 Amount Shares $ 9 22,038,996 $ $

Issuance common stock with debt

52,814,631 $ $ (70,000) (29,497,095)

Total

66 - 42 5,0001 85,107 - -

$

657,519 - -

(7,522,766)

Issuance of common stock with debt - issuable stock

42 - - - - -

421,000 (421,000) - - -

66

126 - - -

- (42) - -

-

1,260,636 100 - - - - 529

Stock issued for services

- - - -

655

- - - -

1,000,000 (66) - - - - -

Stock for settlement of debt

100

- - -

- - - 66 -

(660,000) - - - (1,816,786) -

- -

Cancellations

-

(1,816,786)

Net loss

-

-

Balances, November 30, 2015	55,493,786	$ 5,549 85,107	- $	-	5,000	$ 1	$ 9	$ 22,039,591	$ (70,000)	$ (31,313,881)	$ (9,338,730)

See accountant's compilation report.

PREFERRED COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2015 AND 2014

	2015	**2014 (Restated)**
CASH FROM OPERATING ACTIVITIES:		
Net loss	$ (1,816,786)	$ (2,040,695)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation	9,557	7,775
Issuance of common stock with debt	-	145
Stock-based compensation	-	-
Decrease (increase) in accounts receivable	(42,525)	28,000
Increase in inventory	(39,432)	(125,170)
Increase in prepaid expenses	-	-
Increase in other assets	3,447	-
Increase in deferred revenue	21,667	-
Accrued interest on notes payable	263,703	265,327
Increase in accounts payable and accrued expenses	842,835	605,484
Net cash used in operations	(757,534)	(1,259,134)
CASH FROM INVESTING ACTIVIIES:		
Purchase of property and equipment	(11,378)	(1,000)
Acquisition of OCBM	-	(175,000)
Net cash used in investing activities	(11,378)	(176,000)
Net cash provided by financing activities	784,263	1,453,500
NET CHANGE IN CASH	15,351	18,366
Cash at Beginning of the Period	19,162	796
Cash at End of Period	$ 34,513	$ 19,162
CASH FROM FINANCING ACTIVIIES:		
Advances from stockholders	784,263	1,453,500

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

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.

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. As a result, BIT became a wholly-owned subsidiary of the Company.

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

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 November 30, 2015, tax years since 2012 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, 2015 and 2014:

	2015	2014
Computer equipment and software	$206,062	$205,096
Furniture, fixtures and office equipment	57,664	47,254
Accumulated depreciation	(240,340)	(237,382)
Total	$ 23,386	$ 14,968

Depreciation expense totaled $2,958 and $7,775 for the years ended November 30, 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 $24,000 and $25,000 as of November 30, 2015 and 2014, and accrued interest included in accounts payable and accrued expenses totaled $6,004 and $4,504, respectively.

NOTE 5 – NOTES PAYABLE, STOCKHOLDERS

Notes payable to stockholders as of November 30, 2015 and 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%. Accrued interest on the notes totaled $739,932 and $580,118 as of November 30, 2015 and 2014, respectively.	$250,000	$250,000

Notes payable to stockholders for investments in 2008 and 2009 totaling $150,000. The notes are due on demand and accrue interest at an annual rate of 10%. Accrued interest on the notes totaled $251,288 and $214,345 as of November 30, 2015 and 2014, respectively.	150,000	150,000
Loans from stockholders, accruing interest at annual rates ranging from 8% to 12% and due on demand.	427,527	933,895
Loans from employees, stockholders and officers. Due on demand and noninterest 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 227,760 shares had yet to be issued as of November 30, 2015.	3,233,158	1,970,386
Advances from stockholders during the year ended November 30, 2015; due 60 days after advances and non-interest bearing.	292,560	-
Loan from a bank, accrues interest at an annual rate of 10.75%, due on demand.	16,437	16,436
	$ 4,369,682	$ 3,320,717

NOTE 7 – INCOME TAXES

The Company's income tax benefit for the year ended November 30, 2015 is as follows:

Current:	
Federal	$ -
State	-
Deferred:	
Federal	(545,732)
State	(59,870)
Change in Valuation Allowance	605,602
	$ -

Reconciliation of the Company's effective tax rate to statutory rates for the year ended November 30, 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 November 30, 2015:

Fixed assets	$ 26,585
Intangible assets	49,777
Net operating losses	3,478,181
Bad debt allowance	34,146
Valuation Allowance	(3,588,689)
	$ -

As of November 30, 2015, the Company has net operating losses totaling approximately $9,219,000 available to offset future taxable income through 2027.

NOTE 8 – COMMON STOCK

During the year ended November 30, 2015, the Company issued 657,519 shares with the issuance of a note payable, 1,000,000 shares of commons stock for the settlement of debt and 1,260,636 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,	
2016	$20,155
Thereafter	-
	$20,155

Rent expense including common area maintenance and operating expense totaled $57,430 for the year ended November 30, 2015.

Charitable Contributions

The Company has made non-binding commitments to make charitable contributions totaling $48,952 and $46,213 as of November 30, 2015 and 2014, respectively.

NOTE 10 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As of November 30, 2015 the Company had a working capital deficit of $9,545,892. 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 February 29, 2016, which is the date these consolidated financial statements were available to be issued.