

DANIELS CORPORATE ADVISORY COMPANY, INC.

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 31, 2022

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number **000-54762**

DANIELS CORPORATE ADVISORY COMPANY, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
Incorporation or organization)

04-3667624

(I.R.S. Employer
Identification No.)

**Parker Towers, 104-60, Queens Boulevard,
12th Floor**

Forest Hills, New York 11375

(Address of principal executive offices)

(347) 242-3148

(Issuer's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Not applicable

Trading Symbol(s)

Not applicable

Name of each exchange on which registered

Not applicable

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☒

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 13, 2022, the Registrant had 1,741,199,100 shares of Common Stock outstanding.

Daniels Corporate Advisory Company, Inc.
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PART I. FINANCIAL INFORMATION

DANIELS CORPORATE ADVISORY COMPANY, INC.
Condensed Consolidated Balance Sheets

	August 31, 2022 (Unaudited)	November 30, 2021 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,071	\$ 181,088
Accounts receivable, net	8,270	7,896
Inventory	104,186	208,504
Prepaid expenses and other current assets	-	6,096
Total current assets	161,527	403,584
Property and equipment, net	501,958	701,006
Total assets	<u>\$ 663,485</u>	<u>\$ 1,104,590</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 756,286	\$ 710,333
Accounts payable and accrued liabilities – related party	848,784	726,233
Notes payable, related party	685,000	685,000
Notes payable, net of loan discounts	910,679	801,986
Derivative liabilities	1,127,015	875,487
Related party payables	86,635	168,081
Total current liabilities	4,414,399	3,967,120
Other noncurrent liabilities	250,410	338,081
Total liabilities	4,664,809	4,305,201
Commitments and contingencies		
Preferred Stock:		
Redeemable convertible preferred stock, Series B, \$0.001 par value. 1,000,000 shares authorized; 140,500 and 240,000 shares issued and outstanding as of August 31, 2022 and November 30, 2021, respectively	2,882	101,972
Stockholders' Deficit:		
Series A preferred stock, \$0.001 par value. 100,000 shares authorized; 100,000 shares issued and outstanding as of August 31, 2022 and November 30, 2021, respectively	100	100
Common stock, \$0.001 par value. 6,000,000,000 shares authorized; 1,741,199,100 and 779,298,529 shares issued and outstanding as of August 31, 2022 and November 30, 2021, respectively	1,741,199	779,299
Subscription receivable	(75,050)	-
Additional paid-in capital	8,408,392	8,366,837
Accumulated deficit	(14,014,498)	(12,384,470)
Accumulated other comprehensive loss	(64,349)	(64,349)
Total stockholders' deficit	(4,004,206)	(3,302,583)
Total liabilities, preferred stock and stockholders' deficit	<u>\$ 663,485</u>	<u>\$ 1,104,590</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

DANIELS CORPORATE ADVISORY COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)
For the Three Months and Nine Months Ended August 31, 2022 and 2021

	Three Months Ended August 31, 2022	Three Months Ended August 31, 2021	Nine Months Ended August 31, 2022	Nine Months Ended August 31, 2021
Revenue	\$ 335,366	\$ 1,189,371	\$ 1,328,599	\$ 3,544,792
Cost of goods sold	205,161	828,142	812,859	2,486,524
Gross profit	130,205	361,229	515,740	1,058,268
Selling, general and administrative expenses	312,636	287,521	956,179	951,728
(Gain) on disposal of property and equipment	(38,126)	(11,212)	(68,227)	(23,509)
Income (loss) from operations	(144,305)	84,920	(372,212)	130,049
Other income (expense)				
Gain (loss) on change in derivative liabilities	4,241	334,197	(689,004)	758,504
Interest income (expense), net	(153,393)	(183,077)	(561,672)	(541,341)
Total other income (expense)	(149,152)	151,120	(1,250,676)	217,163
Income (loss) before income taxes	(293,457)	236,040	(1,622,888)	347,212
Provision for income taxes (benefit)	-	-	-	-
Net income (loss)	(293,457)	236,040	(1,622,888)	347,212
Deemed dividend on preferred stock	1,190	138,938	7,140	348,221
Net income (loss) attributable to common stockholders	\$ (294,647)	\$ 97,102	\$ (1,630,028)	\$ (1,009)
Basic and diluted earnings (loss) per common share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)
Diluted earnings (loss) per common share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)
Weighted-average number of common shares outstanding:				
Basic	1,607,694,371	510,664,460	1,377,182,003	377,679,186
Diluted	4,582,701,804	1,088,374,678	4,352,189,436	377,679,186

The accompanying notes are an integral part of these condensed consolidated financial statements.

DANIELS CORPORATE ADVISORY COMPANY, INC.
Consolidated Statements of Changes in Stockholders' Deficit (Unaudited)

For the Three Months Ended August 31, 2022	<u>Series B Callable Preferred</u>		<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Subscription Receivable</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>					
Balance, May 31, 2022	<u>43,750</u>	<u>\$ 16,009</u>	<u>100,000</u>	<u>\$ 100</u>	<u>1,566,855,043</u>	<u>\$1,566,855</u>	<u>\$ -</u>	<u>\$8,463,860</u>	<u>\$ (13,719,851)</u>	<u>\$ (64,349)</u>	<u>\$ (3,753,385)</u>
Net Loss			-	-	-	-		-	(293,457)	-	(293,457)
Issuance of preferred stock in connection with sales made under private or public offerings, net of costs and discounts	140,500	-	-	-	-	-	(75,050)	-	-	-	(75,050)
Accrued dividends and accretion of conversion feature on Series B Preferred Stock	-	33,248	-	-	-	-	-	-	-	-	-
Conversion of Series B preferred stock to common stock	(43,750)	(46,375)	-	-	174,344,057	174,344	-	(127,969)	-	-	46,375
Relief of derivative liability from conversion of Series B Stock	-	-	-	-	-	-	-	72,501	-	-	72,501
Deemed dividend related to series B preferred stock	-	-	-	-	-	-	-	-	(1,190)	-	(1,190)
Balance August 31 2022	<u>140,500</u>	<u>\$ 2,882</u>	<u>100,000</u>	<u>\$ 100</u>	<u>1,741,199,100</u>	<u>\$1,741,199</u>	<u>\$ (75,050)</u>	<u>\$8,408,392</u>	<u>\$ (14,014,498)</u>	<u>\$ (64,349)</u>	<u>\$ (4,004,206)</u>

For the Three Months Ended August 31, 2021	<u>Series B Callable Preferred</u>		<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>				
Balance, May 31, 2021	<u>195,500</u>	<u>\$ 65,191</u>	<u>100,000</u>	<u>\$ 100</u>	<u>430,628,781</u>	<u>\$430,629</u>	<u>\$8,278,785</u>	<u>\$ (12,153,431)</u>	<u>\$ (64,349)</u>	<u>\$ (3,508,266)</u>
Net Income			-	-	-	-	-	236,040	-	236,040

Issuance of preferred stock in connection with sales made under private or public offerings, net of costs and discounts	112,500	9,760	-	-	-	-	-	-	-	-
Accrued dividends and accretion of conversion feature on Series B Preferred Stock	-	102,839	-	-	-	-	-	(102,839)	-	(102,839)
Conversion of Series B preferred stock to common stock	(43,500)	(46,110)	-	-	24,268,421	24,268	21,842	-	-	46,110
Relief of derivative liability from conversation of Series B Preferred Stock	-	-	-	-	-	-	12,780	-	-	12,780
Deemed dividend related to series B preferred stock	-	-	-	-	-	-	-	(13,575)	-	(13,575)
Redemption of Series B Preferred stock	(53,500)	(56,710)	-	-	-	-	-	(22,524)	-	(22,524)
Issuance of common stock for services	-	-	-	-	3,827,162	3,827	7,272	-	-	11,099
Conversion of convertible debt and accrued interest to common stock	-	-	-	-	143,769,292	143,769	(6,488)	-	-	137,281
Balance August 31 2021	<u>211,000</u>	<u>\$ 74,970</u>	<u>100,000</u>	<u>\$ 100</u>	<u>602,493,656</u>	<u>\$602,494</u>	<u>\$8,314,190</u>	<u>\$ (12,056,329)</u>	<u>\$ (64,349)</u>	<u>\$ (3,203,894)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

DANIELS CORPORATE ADVISORY COMPANY, INC.
Consolidated Statements of Changes in Stockholders' Deficit (Unaudited)

[illegible]

common stock	-	-	-	-	137,550,600	137,550	-	(92,756)	-	-	44,794
Relief of derivative liability from conversion of convertible notes and accrued interest into common stock	-	-	-	-	-	-	-	156,120	-	-	156,120
Balance August 31 2022	<u>140,500</u>	<u>\$ 2,882</u>	<u>100,000</u>	<u>\$ 100</u>	<u>1,741,199,100</u>	<u>\$1,741,199</u>	<u>\$ (75,050)</u>	<u>\$8,408,392</u>	<u>\$ (14,014,498)</u>	<u>\$ (64,349)</u>	<u>\$ (4,004,206)</u>

	Series B Callable Preferred		Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Deficit
For the Nine Months Ended August 31, 2021	Shares	Value	Shares	Value	Shares	Value				
Balance, November 30, 2020	<u>125,600</u>	<u>\$ 35,536</u>	<u>100,000</u>	<u>\$ 100</u>	<u>241,774,989</u>	<u>\$241,775</u>	<u>\$7,993,255</u>	<u>\$ (12,055,320)</u>	<u>\$ (64,349)</u>	<u>\$ (3,884,539)</u>
Net Income			-	-	-	-	-	347,212	-	347,212
Issuance of preferred stock in connection with sales made under private or public offerings, net of costs and discounts	308,000	17,990	-	-	-	-	-	-	-	-
Accrued dividends and accretion of conversion feature on Series B	-	257,400	-	-	-	-	-	(257,400)	-	(257,400)
Conversion of Series B preferred stock to common stock	(169,100)	(179,246)	-	-	87,854,655	87,855	91,391	-	-	179,246
Relief of derivative liability from conversion of Series B Stock	-	-	-	-	-	-	178,429	-	-	178,429
Deemed dividend related to series B preferred stock	-	-	-	-	-	-	-	(68,297)	-	(68,297)
Redemption of Series B Preferred stock	(53,500)	(56,710)	-	-	-	-	-	(22,524)	-	(22,524)
Issuance of common stock for services	-	-	-	-	14,590,743	14,591	45,757	-	-	60,348
Conversion of convertible debt and accrued interest to common stock	-	-	-	-	258,273,269	258,273	5,358	-	-	263,631
Balance August 31 2021	<u>211,000</u>	<u>\$ 74,970</u>	<u>100,000</u>	<u>\$ 100</u>	<u>602,493,656</u>	<u>\$602,494</u>	<u>\$8,314,190</u>	<u>\$ (12,056,329)</u>	<u>\$ (64,349)</u>	<u>\$ (3,203,894)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

DANIELS CORPORATE ADVISORY COMPANY, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)
For the Nine Months Ended August 31, 2022 and 2021

	Nine Months Ended August 31, 2022	Nine Months Ended August 31, 2021
Cash flows from operating activities of continuing operations:		
Net income (loss)	\$ (1,622,888)	\$ 347,212
Adjustments to reconcile net loss to cash used in operating activities:		
Bad debt expense	74,567	-
Depreciation and amortization	114,530	117,022
Interest penalties	56,017	-
Amortization of debt discount	194,545	-
Common stock issued in exchange for fees and services	57,860	60,348
(Gain) loss on change in derivative liabilities	689,004	(758,504)
(Gain) loss on disposal of property and equipment	(68,227)	(23,509)
Note conversion fees	1,500	-
Changes in operating assets and liabilities:		
Accounts receivable	(74,941)	(31,876)
Accounts payable and accrued liabilities – related party	122,551	-
Inventory	104,318	(38,202)
Prepaid expenses and other current assets	6,096	86,000
Accounts payable and accrued liabilities	98,280	196,052
Related party payables	(81,446)	(112,138)
Other noncurrent liabilities	-	160,413
Net cash (used in) provided by operating activities	(328,235)	2,818
Cash flows from investing activities:		
Proceeds received from the disposal of property and equipment	152,745	-
Purchase of property and equipment	-	(238,498)
Net cash provided by (used in) investing activities	152,745	(238,498)
Cash flows from financing activities:		
Note payable - non-current	(87,671)	-
Proceeds from issuance of preferred stock, net of issuance costs	87,500	251,290
Proceeds from commercial loans payable	284,500	316,649
Redemption of preferred stock	-	(22,524)
Repayments of commercial loans payable	(240,856)	(215,860)
Net cash provided by financing activities	43,473	329,555
Net increase (decrease) in cash and cash equivalents	(132,017)	93,875
Cash and cash equivalents at beginning of period	181,088	200,858
Cash and cash equivalents at end of period	\$ 49,071	\$ 294,733
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 101,466	\$ -
Cash paid for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of convertible notes and accrued interest into common stock	\$ 44,795	\$ 263,361
Conversion of Series B preferred stock into common stock	\$ 300,775	\$ 179,246
Accrued dividends and accretion of conversion feature on Series B preferred stock	\$ 111,124	\$ 257,400
Deemed dividends related to conversion feature of Series B preferred stock	\$ 7,140	\$ 68,296
Relief of derivative liability from conversion of Series B preferred stock into common stock	\$ 443,906	\$ 178,249
Relief of derivative liability from conversion of convertible notes into common stock	\$ 156,120	\$ -
Subscription receivable from issuance of Series B preferred stock	\$ 75,050	\$ -

The accompanying notes are an integral part of these condensed consolidated financial statements.

DANIELS CORPORATE ADVISORY COMPANY, INC.
Notes to the Condensed Consolidated Financial Statements
August 31, 2022

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Daniels Corporate Advisory Company, Inc. (“Daniels” or the Company) was incorporated in the State of Nevada on May 2, 2002. The Company creates and implements corporate strategy alternatives for mini-cap public and private companies.

The Company formed Payless Truckers, Inc. (“Payless”), a wholly-owned subsidiary, which was incorporated in the State of Nevada, on April 11, 2018. Payless is a trucking company whose principal business is to acquire, refurbish, add location electronics, advertise and sell or lease commercial vehicles to long haul drivers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company has prepared the accompanying condensed consolidated financial statements in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) and in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The Company believes these condensed consolidated financial statements reflect all adjustments (consisting of normal, recurring adjustments) that are necessary for a fair presentation of its consolidated financial position and consolidated results of operations for the periods presented. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk and Uncertainties

The Company’s future results of operations and financial condition will be impacted by the following factors, among others: its lack of capital resources, dependence on third-party management to operate the companies in which it invests and dependence on the successful development and marketing of any new products in new and existing markets. Generally, the Company is unable to predict the future status of these areas of risk and uncertainty. However, negative trends or conditions in these areas could have an adverse effect on its business.

Interim Financial Statements

These unaudited consolidated financial statements have been prepared in accordance with US GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature. These condensed consolidated financial statements should be read in conjunction with the financial statements for the fiscal year ended November 30, 2021 and notes thereto and other pertinent information contained in our Form 10-K/A the Company has filed with the Securities and Exchange Commission (the “SEC”) on March 28, 2022. The results of operations for the nine months August 31, 2022, are not necessarily indicative of the results to be expected for the full fiscal year ending November 30, 2022.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash balances with a high-credit-quality financial institution. At times, such cash may be in excess of the Federal Deposit Insurance Corporation-insured limit of \$250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk on its cash and cash equivalents.

Accounts receivable

Accounts receivable are customer obligations due under normal trade terms which are recorded at net realizable value. The Company establishes an allowance for doubtful accounts based on management's assessment of the collectability of trade receivables. A considerable amount of judgment is required in assessing the amount of the allowance. The Company makes judgments about the creditworthiness of each customer based on ongoing credit evaluations and monitors current economic trends that might impact the level of credit losses in the future. If the financial condition of the customers were to deteriorate, resulting in their inability to make payments, a specific allowance will be required. The Company has established doubtful accounts of \$53,214 as of August 31, 2022.

Recovery of bad debt amounts previously written off is recorded as a reduction of bad debt expense in the period the payment is collected. If the Company's actual collection experience changes, revisions to its allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. During the nine months August 31, 2022, the Company wrote off \$74,567 in accounts receivable.

Inventory

Inventory consists of well-maintained, class 8 heavy duty trucks primarily acquired at auction. Inventory is valued at the lower of cost (specific identification method) or net realizable value. An allowance for potential non-saleable inventory due to movement, current conditions or obsolescence is based upon a review of inventory quantities, past history and expected future usage. The Company believes that no allowance or write-down for slow moving or obsolete inventory is necessary as of August 31, 2022.

Related Party Balances and Transactions

The Company follows FASB ASC 850, "Related Party Disclosures," for the identification of related parties and disclosure of related party transaction. (Note 3)

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 "Derivatives and Hedging Activities".

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) by recording, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Fair Value of Financial Instruments

The Company has adopted FASB Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures" (ASC 820) that defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, accounts payable and accrued expenses, notes payable, notes payable to related parties, related parties payable and derivative liabilities. The Company also applies ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis.

Comprehensive Income (Loss)

ASC Topic 220 (SFAS No. 130) establishes standards for reporting comprehensive income (loss) and its components. Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events from non-owner sources.

Other-Than-Temporary Impairment

All of our non-marketable and other investments are subject to a periodic impairment review. Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary.

When events or changes in circumstances indicate that long-lived assets other than goodwill may be impaired, an evaluation is performed to determine if a write-down to fair value is required. When an asset is classified as held for sale, the asset's book value is evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. In addition, depreciation and amortization ceases while it is classified as held for sale.

The indicators that we use to identify those events and circumstances include:

- the investee's revenue and earnings trends relative to predefined milestones and overall business prospects;
- the general market conditions in the investee's industry or geographic area, including regulatory or economic changes;
- factors related to the investee's ability to remain in business, such as the investee's liquidity, debt ratios, and the rate at which the investee is using its cash; and
- the investee's receipt of additional funding at a lower valuation. If an investee obtains additional funding at a valuation lower than our carrying amount or a new round of equity funding is required for the investee to remain in business, and the new round of equity does not appear imminent, it is presumed that the investment is other than temporarily impaired, unless specific facts and circumstances indicate otherwise.

Revenue and Cost Recognition

The Company recognizes revenue in accordance with ASC 606, "Revenue Recognition" following the five steps procedure:

Step 1: Identify the contract(s) with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to performance obligations

Step 5: Recognize revenue when the entity satisfies a performance obligation

We recognize revenue when we satisfy performance obligations by the transfer of control of products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. We recognize revenue from class 8 heavy duty truck sales to customers when we satisfy our performance obligation, at a point in time, when title to the truck is transferred to the customer and collection of cash is certain. Delivery or shipping charges billed to customers, if applicable, are included in product sales and the related shipping costs are included in cost of goods sold. We also recognize revenue from the rental of class 8 heavy-duty trucks to customers. Revenue from these truck rental agreements is recognized based upon the passage of time over the term of the arrangement once control of the underlying asset has been transferred to the customer. The arrangements require weekly payments, and the customer may cancel the agreement at any time by notifying the Company in writing at least 30 days before such termination.

Revenue is recognized and related accounts receivable is recorded when the Company has transferred a good or service to a customer and our right to receive consideration is unconditional through the completion of our performance obligation. We had net accounts receivable totaling \$8,270 and \$7,896 as of August 31, 2022 and November 30, 2021, respectively.

Right of Use Assets and Lease Liabilities

The Company recognizes according to FASB ASU No. 2016-02, "Leases" (ASC 842). The standard requires lessees to recognize almost all leases on the balance sheet as a Right-of-Use ("ROU") asset and a lease liability and requires leases to be classified as either an operating or a finance type lease. The standard excludes leases of intangible assets or inventory. The Company treats lease and non-lease components as a single lease component for all equipment leases. Leases with an original lease term of less than one year are excluded from the ROU assets and lease liabilities.

Under ASC 842, the Company determines if an arrangement is a lease at inception. Right-of-Use assets and liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As most of the Company's leases do not provide an implicit rate, the Company estimated the incremental borrowing rate in determining the present value of lease payments. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. The Company lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the Company's condensed consolidated balance sheets.

As of August 31, 2022, the Company's office is currently leased on month-to-month basis. The Company does not have ROU assets and operating lease liabilities as of August 31, 2022.

Property and Equipment, net

Vehicles and equipment, net is reported at cost less accumulated depreciation, which is generally provided on the straight-line method over the estimated useful lives of the assets. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Share-Based Compensation

The Company accounts for share-based compensation under the fair value method in accordance with ASC 718, "Compensation – Stock Compensation," which requires all such compensation to employees and non-employees to be calculated based on its fair value of the equity instrument at the grant date and recognized in the earnings over the requisite service or vesting period.

During the nine months August 31, 2022, the Company issued 63,859,548 shares of common stock valued at \$57,860 to consultants.

Income Taxes

The Company, a C-corporation, accounts for income taxes under ASC Topic 740 (SFAS No. 109). Under this method, deferred tax assets and liabilities are determined based on differences between the 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. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB ASC 740-10 "Uncertainty in Income Taxes" (ASC 740-10), on January 1, 2007. The Company has not recognized a liability as a result of the implementation of ASC 740-10. A reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there is no unrecognized benefit since the date of adoption. The Company has not recognized interest expense or penalties as a result of the implementation of ASC 740-10. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Net Loss Per Share

The Company reports basic and diluted earnings per share (EPS) according to the provisions of ASC Topic 260, which requires the presentation of basic EPS and, for companies with complex capital structures, diluted EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income (loss) available to common stockholders, adjusted by other changes in income or loss that would result from the assumed conversion of those potential common shares, by the weighted number of common shares and common share equivalents (unless their effect is antidilutive) outstanding. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive. Thus, these equivalents are not included in the calculation of diluted loss per share, resulting in basic and diluted loss per share being equal.

The following table sets forth the components of the Company's potential dilutive instruments as of August 31, 2022:

	August 31, 2022 (Shares)
Redeemable convertible preferred stock, Series B	540,384,616
Convertible Notes	2,434,622,817
	<u>2,975,007,433</u>

Comparative Figures

Certain figures have been reclassified to conform with current year presentation.

Recently Issued Accounting Pronouncements

On June 16, 2016, the FASB issued Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost basis. That model replaces the probable, incurred loss model for those assets. Through the amendments in that Update, the Board added Topic 326, Financial Instruments

— Credit Losses, and made several consequential amendments to the Codification. This guidance will be effective for entities for the fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. The Company will adopt the new standard effective December 1, 2023 and does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its consolidated financial statements.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company currently rents space from its president, Mr. Arthur Viola. This is a month-to-month rental and there is no commitment beyond each month. The monthly rent expense is approximately \$2,250.

Effective December 15, 2016, Mr. Viola entered into a \$685,000 convertible promissory note agreement with the Company and forgave all remaining amounts outstanding at that time. The note matured on December 15, 2018 and bears interest at a rate of 10% per annum. Mr. Viola has the option to convert any portion of the unpaid principal balance into the Company's common stock at a discount to market of 50% at any time. As of August 31, 2022, the note total is \$1,012,172 including \$327,172 of accrued interest. No repayment or conversion of the note occurred as of August 31, 2022, and no notice of default has been issued.

During 2016, Mr. Viola personally funded \$10,200 in expenses on behalf of the Company. These advances were made interest free with no maturity date. No repayments have been made against these advances as of August 31, 2022.

Mr. Viola is entitled to receive a salary of \$175,000 annually. Mr. Viola has deferred all cash payments of his base salary in an effort to help the Company fund its operations. During the nine months August 31, 2022 the Company accrued management salaries of \$132,200. At August 31, 2022 and November 30, 2021, the total amount of accrued compensation owed to Mr. Viola was \$838,584 and \$716,033, respectively.

The Company's wholly-owned subsidiary Payless Truckers, Inc. has received net loan proceeds aggregating \$50,000 from a related party to help fund the subsidiary's operations. The loans currently bear flat rates ranging between \$1,500 - \$3,500, and are secured by certain inventory assets and are payable on demand.

Two companies owned by Payless' former President and certain family members have loaned the Company floor plan financing for a monthly fee per truck financed. During the nine months August 31, 2022 and 2021, financing fees and interest totaling approximately \$4,252 and \$2,134 were paid to the related party, respectively. At August 31, 2022, the outstanding loan balance was \$0.

NOTE 4 - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business as they become due.

For the nine months August 31, 2022, the Company realized a net loss of \$1,630,028 attributable to common stockholders and had a working capital deficit of \$4,252,872. For year ended November 30, 2021, the Company incurred a net loss of \$329,150 attributable to common stockholders and a working capital deficit of \$3,563,536. The Company has relied, in large part, upon preferred equity and debt financings to fund its operations. As of August 31, 2022, the Company had outstanding indebtedness, net of discounts, of \$910,679 and had \$49,071 in cash. As of November 30, 2021, the Company had outstanding indebtedness, net of discounts, of \$801,986 and had \$181,088 in cash.

As such, there is substantial doubt as to the Company's ability to continue as a going concern. The Company's ability to continue as such is dependent upon management's ability to successfully execute its business plan, including increasing revenues through the sale of existing and future product offerings and reducing expenses in order to meet the Company's current and future obligations. In addition, the Company's ability to continue as a going concern is dependent upon management's ability to successfully satisfy, refinance or replace its current indebtedness. Failure to satisfy existing or obtain new financing may have a material adverse impact on the Company's operations and liquidity.

The Company is expanding its operations through its leasing program. It believes that it is well positioned to generate significant recurring revenue and cash flows required to sustain its operations. However, even if the Company is successful in executing its plan, the Company may not generate enough revenue to satisfy all of its current obligations as they become due in addition to its outstanding indebtedness. Until the Company consistently generates positive cash flow from its operations, or successfully satisfies, refinances or replaces its current indebtedness, there is substantial doubt as to the Company's ability to continue as a going concern.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result if the Company is unable to operate as a going concern.

NOTE 5 - COVID-19

In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID-19) outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Due to the outbreak and spread of COVID-19, the Company's management and advisors responsible for financial reporting have experienced administrative delays, include travel restrictions and reduced work hours. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no material adverse impacts on the Company's results of operations and financial position at August 31, 2022. The Company is *not* aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates *may* change, as new events occur and additional information is obtained.

NOTE 6 - PROPERTY AND EQUIPMENT

The following table sets forth the components of the Company's Vehicles and equipment at August 31, 2022 and November 30, 2021:

	Cost		Accumulated Depreciation				Net Book Value	
	Balance as of	Cost	Balance as of	Balance as of		Balance as of		
	11/30/2021	disposal	08/31/2022	11/30/2021	Disposal	Addition		08/31/2022
Machinery and equipment	6,432	-	6,432	3,881	-	1,608	5,489	943
Vehicles	880,951	(134,913)	746,038	182,496	(50,395)	112,922	245,023	501,015
Total property and equipment	887,383	(134,913)	752,470	186,377	(50,395)	114,530	250,512	501,958

For the nine months August 31, 2022 and 2021, the Company recorded depreciation expense of \$114,530 and \$117,022, respectively. During the nine months August 31, 2022, there was a gain on vehicle disposal of \$68,227 included in other income.

In late August 2022 a Company rental truck was taken off the Company's premises by a former officer of the Company. The Company is actively pursuing to reclaim the truck.

NOTE 7 - NOTES PAYABLE

Convertible Notes

On August 31, 2015, the Company entered in convertible note agreement with a private and accredited investor, LG Capital, in the amount of \$75,000, unsecured, with principal and interest (stated at 8%) amounts due and payable upon maturity on February 28, 2016. After six months, the note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 0.03% to 0.08%; Dividend rate of 0%; and, historical volatility rates ranging from 195% to 236%. As of August 31, 2022 and November 30, 2021, the note balance was \$55,224 and \$55,224 and accrued interest was \$26,988 and \$23,672, respectively, and all associated loan discounts were fully amortized. Although some principal payments have not been paid on time by the Company, management of the Company is currently in discussions with the lender to pay off the note with Company common stock. The note is classified as current in the accompanying balance sheets.

On December 30, 2015, the Company entered in convertible note agreement with a private and accredited investor, Auctus Private Equity Fund LLC, in the amount of \$130,000, unsecured, with principal and interest (stated at 10%) amounts due and payable upon maturity on September 30, 2016. After six months, the note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 0.03% to 0.16%; Dividend rate of 0%; and, historical volatility rates ranging from 208% to 269%. As of August 31, 2022 and November 30, 2021, the note balance was \$98,459 and \$98,459 and accrued interest was \$48,557 and \$41,166, respectively, and all associated loan discounts were fully amortized. Although some principal payments have not been paid on time by the Company, management of the Company is currently in discussions with the lender to pay off the note with Company common stock. The note is classified as current in the accompanying balance sheets.

On January 21, 2016, the Company entered in convertible note agreement with a private and accredited investor, John De La Cross Capital Partners Inc., in the amount of \$8,000, unsecured, with principal and interest (stated at 5%) amounts due and payable upon demand. The note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 0.03% to 0.16%; Dividend rate of 0%; and, historical volatility rates ranging from 208% to 269%. As of August 31, 2022 and November 30, 2021, the note balance was \$4,000 and \$4,000 and accrued interest was \$1,538 and \$1,388, respectively, and all associated loan discounts were fully amortized. Although some principal payments have not been paid on time by the Company, management of the Company is currently in discussions with the lender to pay off the note with Company common stock. The note is classified as current in the accompanying balance sheets.

On November 23, 2016, the Company entered in convertible note agreement with a private and accredited investor, Auctus Private Equity Fund LLC, in the amount of \$61,000, unsecured, with principal and interest (stated at 12%) amounts due and payable upon maturity on August 23, 2017. After six months, the note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 0.03% to 0.16%; Dividend rate of 0%; and, historical volatility rates ranging from 208% to 269%. The Company amended its convertible note agreement to allow for additional principal borrowings. During the year ended November 30, 2021, the total balances of \$78,700 of principal and \$97,944 of accrued interest were converted into 177,538,569 shares of the Company's common stock fully paying the note.

On October 15, 2018, the Company entered in convertible note agreement with a private and accredited investor, Auctus Fund LLC, in the amount of \$350,000, unsecured, with principal and interest (stated at 12%) amounts due and payable upon maturity on July 15, 2019. At any time following issuance, the note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 2.67% to 2.70%; Dividend rate of 0%; and historical volatility rates ranging from 390% to 423%. During the nine months August 31, 2022, \$21,648 of principal and \$21,648 of accrued interest was converted into 137,550,600 shares of the Company's common stock. As of August 31, 2022 and November 30, 2021, the note balance was \$222,522 and \$244,170 and accrued interest was \$147,218 and \$148,599, respectively, and all associated loan discounts were fully amortized. Although some principal payments have not been paid on time by the Company, management of the Company is currently in discussions with the lender to pay off the note with Company common stock. The note is classified as current in the accompanying balance sheets.

On February 14, 2019, the Company entered in convertible note agreement with a private and accredited investor, Auctus Fund LLC, in the amount of \$57,750, unsecured, with principal and interest (stated at 12%) amounts due and payable upon maturity on November 14, 2019. At any time following issuance, the note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 2.53% to 2.540%; Dividend rate of 0%; and, historical volatility rates ranging from 309% to 339%. As of August 31, 2022 and November 30, 2021, the note balance was \$57,500 and \$57,500 and accrued interest was \$15,408 and \$10,206, respectively, and all associated loan discounts were fully amortized. Although some principal payments have not been paid on time by the Company, management of the Company is currently in discussions with the lender to pay off the note with Company common stock. The note is classified as current in the accompanying balance sheets.

On July 22, 2019, the Company entered in convertible note agreement with a private and accredited investor, Auctus Fund LLC, in the amount of \$75,250, secured by all of the assets of the Company and its subsidiaries, with principal and interest (stated at 12%) amounts due and payable upon maturity on April 22, 2020. At any time following issuance, the note holder has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time. The Company has determined that the conversion feature in this note is not indexed to the Company's stock and is considered to be a derivative that requires bifurcation. The Company calculated the fair value of this conversion feature using the Black-Scholes model and the following assumptions: Risk-free interest rates ranging from 1.76% to 1.95%; Dividend rate of 0%; and, historical volatility rates ranging from 1,313% to 1,467%. As of August 31, 2022 and November 30, 2021, the note balance was \$75,250 and \$75,250 and accrued interest was \$25,968 and \$19,189, respectively, and all associated loan discounts were fully amortized. Although some principal payments have not been paid on time by the Company, management of the Company is currently in discussions with the lender to pay off the note with Company common stock. The note is classified as current in the accompanying balance sheets.

Commercial Loans

On May 28, 2021, the Company executed two future receivables sale and purchase agreements with Sutton Funding. Under the agreements, the Company sold an aggregate of \$210,000 in future receivables for a purchase amount of \$150,000. The aggregate principal amount is payable in daily instalments totaling \$1,591 until such time that the obligation is fully satisfied. As of November 30, 2021, the loan balance was \$6,213. During the nine months August 31, 2022, the loan was fully repaid.

On June 21, 2021, the Company executed a merchant cash advance agreement with Consistent Funding. Under the agreement, the Company sold an aggregate of \$142,000 in future receivables for a purchase amount of \$100,000. The aggregate principal amount is payable in daily instalments totaling \$1,076 until such time that the obligation is fully satisfied. As of November 30, 2021, the loan balance was \$24,087. During the nine months August 31, 2022, the loan was fully repaid.

On November 8, 2021, the Company executed a merchant cash advance agreement with Consistent Funding. Under the agreement, the Company sold an aggregate of \$145,000 in future receivables for a purchase amount of \$100,000. The aggregate principal amount is payable in daily instalments totaling \$656 until such time that the obligation is fully satisfied. As of August 31, 2022 the total outstanding principal on these future receivable sale and purchase agreements was \$73,044, including \$20,487 of accrued interest, and \$96,361 as of November 30, 2021. As of August 31, 2022 the agreement is in default.

On December 10, 2021, the Company executed a merchant cash advance agreement with Consistent Funding. Under the agreement, the Company sold an aggregate of \$116,000 in future receivables for a purchase amount of \$80,000. The aggregate principal amount is payable in daily instalments totaling \$967 until such time that the obligation is fully satisfied. As of August 31, 2022, the total outstanding principal on these future receivable sales and purchase agreement was \$40,149, including \$9,864 of accrued interest. As of August 31, 2022 the agreement is in default.

On January 26, 2022, the Company executed a merchant cash advance agreement with Gem Funding. Under the agreement, the Company sold an aggregate of \$100,100 in future receivables for a purchase amount of \$70,000. The aggregate principal amount is payable in daily instalments totaling \$596 until such time that the obligation is fully satisfied. As of August 31, 2022, the total outstanding principal on these future receivable sales and purchase agreement was \$71,260 including \$19,648 of accrued interest and fees. As of August 31, 2022 the agreement is in default.

On April 7, 2022, the Company executed a merchant cash advance agreement with Gem Funding. Under the agreement, the Company sold an aggregate of \$41,700 in future receivables for a purchase amount of \$30,000. The aggregate principal amount is payable in daily instalments totaling \$348 until such time that the obligation is fully satisfied. As of August 31, 2022, the total outstanding principal on these future receivable sales and purchase agreement was \$5,324 including \$121 of accrued interest. As of August 31, 2022 the agreement is in default.

On March 4, 2022, the Company executed a merchant cash advance agreement with E Advance Services, LLC. Under the agreement, the Company sold an aggregate of \$88,200 in future receivables for a purchase amount of \$60,000. The aggregate principal amount is payable in daily instalments totaling \$767 until such time that the obligation is fully satisfied. As of August 31, 2022, the total outstanding principal on these future receivable sales and purchase agreement was \$46,138 including \$8,471 of accrued interest. As of August 31, 2022 the agreement is in default.

From time to time, the Company issues secured promissory notes to individual lenders to finance truck purchases for the Company's rental program. Annual interest rates on such notes are generally 30% with terms of 48 months. As of August 31, 2022, the total amount outstanding under such notes was \$411,969, of which \$353,999 is considered current and classified under "Notes payable, net of loan discounts" in the Company's condensed consolidated financial statements. The remaining noncurrent portion is classified under "Notes payable – non- current". The aggregate monthly payments of principal and interest on these promissory notes is \$19,583.

NOTE 8 - DERIVATIVE LIABILITIES

The Company accounts for derivative financial instruments in accordance with ASC 815, which requires that all derivative financial instruments be recorded in the balance sheets either as assets or liabilities at fair value.

The Company's derivative liability is an embedded derivative associated with one of the Company's convertible promissory notes. The convertible promissory notes were issued at various times but with similar terms and are therefore being termed as one instrument for this footnote, (the "Note"), is a hybrid instruments which contain an embedded derivative feature which would individually warrant separate accounting as a derivative instrument under Paragraph 815-10-05-4. The embedded derivative feature includes the conversion feature to the Note. Pursuant to Paragraph 815-10-05-4, the value of the embedded derivative liability has been bifurcated from the debt host contract and recorded as a derivative liability resulting in a reduction of the initial carrying amount (as unamortized discount) of the notes, which are amortized as debt discount to be presented in other (income) expenses in the statements of operations using the effective interest method over the life of the notes.

The embedded derivative within the note have been valued using the Black Scholes approach, recorded at fair value at the date of issuance; and marked-to-market at each reporting period end date with changes in fair value recorded in the Company's statements of operations as "change in the fair value of derivative instrument".

As of August 31, 2022 and November 30, 2021, the estimated fair value of derivative liability was determined to be \$1,127,015 and \$875,487, respectively.

Summary of Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis are summarized below and disclosed at August 31, 2022:

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Derivative liabilities on conversion feature	\$ 1,127,015	-	-	\$ 1,127,015	\$ 1,127,015
Total derivative liabilities	\$ 1,127,015	-	-	\$ 1,127,015	\$ 1,127,015

Summary of Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis are summarized below and disclosed at November 30, 2021:

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Derivative liabilities on conversion feature	\$ 875,487	\$ -	\$ -	\$ 875,487	\$ 875,487
Total derivative liabilities	\$ 875,487	\$ -	\$ -	\$ 875,487	\$ 875,487

Summary of the Changes in Fair Value of Level 3 Financial Liabilities

The table below provides a summary of the changes in fair value of derivative liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine months August 31, 2022:

	Derivative Liabilities
Balance - November 30, 2021	\$ 875,487
Addition of new derivative liabilities from issuance of series B preferred stock	272,586
Relief of derivative liabilities from conversion of convertible notes	(156,120)
Relief of derivative liabilities from conversion of series B preferred stock	(443,906)
Loss (Gain) on change in fair value of the derivative	578,968
Balance - August 31, 2022	<u>\$ 1,127,015</u>

NOTE 9 – EQUITY

The Company is authorized to issue two classes of shares being designated preferred stock and common stock.

Preferred Stock

The number of shares of preferred stock authorized is 1,100,000, par value \$0.001 per share. At August 31, 2022 and November 30, 2021, the Company had 100,000 shares of Series A preferred stock issued and outstanding, and 140,500 and 240,000, shares of Series B preferred stock issued and outstanding, respectively.

Series A Preferred Stock

Mr. Arthur D. Viola, the Company's president, owns 100,000 shares of super voting preferred stock entitling him to vote sixty-six and two-thirds percent (66.67%) of the common stock shares in any common stock vote.

Series B Preferred Stock

On February 24, 2020, the Company filed a certificate of designations with the State of Nevada, designating 1,000,000 of its available preferred shares as Series B preferred mandatorily redeemable convertible stock, stated value of \$1.00 per share, and with a par value of \$0.001 per share. The shares will carry an annual ten percent (10%) cumulative dividend, compounded daily, payable solely upon redemption, liquidation or conversion. The certificate of designations provides the Company with the opportunity to redeem the Series B shares at various increased prices at time intervals up to the 6-month anniversary of the closing and mandates full redemption on the 12-month anniversary. The holder may convert the Series B shares into shares of the Company's common stock, commencing on the 6-month anniversary of the closing at a 35% discount to the lowest closing price during the 20-day trading period immediately preceding the notice of conversion.

All shares of mandatorily redeemable convertible preferred stock have been presented outside of permanent equity in accordance with ASC 480, *Classification and Measurement of Redeemable Securities*. The Company accretes the carrying value of its Series B mandatory redeemable convertible preferred stock to its estimate of fair value (i.e., redemption value) at period end.

On December 31, 2020, the Company sold 53,500 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva Roth Remark Holdings, Inc. (“Geneva”), for \$50,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$88,694, valued using the Black-Scholes Model, associated with Series B preferred shares.

On January 13, 2021, the Company sold 43,500 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$40,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$50,753, valued using the Black-Scholes Model, associated with Series B preferred shares.

On March 2, 2021, the Company sold 43,500 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$40,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$55,774, valued using the Black-Scholes Model, associated with Series B preferred shares.

On May 20, 2021, the Company sold 55,000 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$51,250 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$46,771, valued using the Black-Scholes Model, associated with Series B preferred shares.

On June 28, 2021, the Company redeemed 53,500 shares of its Series B convertible preferred stock from Geneva for \$79,234. The Company recorded a \$22,524 deemed dividend as a result of the redemption.

On June 28, 2021, the Company sold 53,750 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$50,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$43,990, valued using the Black-Scholes Model, associated with Series B preferred shares.

On July 14, 2021, the Company sold 58,750 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$55,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$72,325 valued using the Black-Scholes Model, associated with Series B preferred shares.

On September 2, 2021, the Company sold 48,750 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$45,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$41,002 valued using the Black-Scholes Model, associated with Series B preferred shares.

On September 3, 2021, the Company sold 43,750 shares of its Series B convertible preferred stock, with an annual accruing dividend of 10%, to Geneva, for \$40,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$40,365 valued using the Black-Scholes Model, associated with Series B preferred shares.

On February 1, 2022, the Company sold 43,750 shares of its Series B convertible preferred stock, with an annual accruing dividend of 12%, to Geneva, for \$40,000 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$53,592 valued using the Black-Scholes Model, associated with Series B preferred shares.

On August 15, 2022, the Company sold 53,250 shares of its Series B convertible preferred stock, with an annual accruing dividend of 12%, to Geneva, for \$47,500 pursuant to a Series B preferred stock purchase agreement. The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$93,778 valued using the Black-Scholes Model, associated with Series B preferred shares.

On August 30, 2022, the Company sold 43,625 shares of its Series B convertible preferred stock, with an annual accruing dividend of 12%, to Geneva, for \$37,525 pursuant to a Series B preferred stock purchase agreement. As of August 31, 2022, the proceed of \$37,525 has not been received and was recorded as subscription receivable. (Note 12) The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$62,608 valued using the Black-Scholes Model, associated with Series B preferred shares.

On August 30, 2022, the Company also sold 43,625 shares of its Series B convertible preferred stock, with an annual accruing dividend of 12%, to Boot Capital LLC, for \$37,525 pursuant to a Series B preferred stock purchase agreement. As of August 31, 2022, the proceed of \$37,525 has not been received and was recorded as subscription receivable. (Note 12) The Series B preferred stock is classified as temporary equity since the shares are convertible at the option of the shareholder. The Company recorded a derivative liability of \$62,608 valued using the Black-Scholes Model, associated with Series B preferred shares.

As of August 31, 2022, the estimated fair value of these derivative liabilities was determined to be \$153,165. The change in the fair value for the nine months August 31, 2022 was an unrealized loss of \$164,608.

During the nine months August 31, 2022, the Company recorded \$194,545 of accretion of discounts and \$7,140 in dividends. As of August 31, 2022, there were 140,500 shares outstanding and a remaining unamortized discount of \$137,927.

Common Stock

The number of shares of common stock authorized is 6,000,000,000, par value \$0.001 per share.

Nine months August 31, 2022

During the nine months August 31, 2022, the Company issued:

- 137,550,600 shares of common stock for the conversion of convertible note principal amount of \$21,647 and accrued interest of \$21,647 and \$1,500 of conversion fees.
- 760,490,423 shares of common stock for the conversion of 283,750 shares of series B preferred stock and accrued dividend of \$17,025.
- 63,859,548 shares of common stock valued at \$57,860 to consultants.

Nine months ended August 31, 2021

During the nine months ended August 31, 2021, the Company issued

- 258,273,269 shares of common stock for the conversion of convertible note principal and accrued interest for a total of \$263,631.
- 87,854,655 shares of common stock for the conversion of 169,100 shares of series B preferred stock.
- 14,590,743 shares of common stock valued at \$60,348 to consultants.

At August 31, 2022 and November 30, 2021, the Company had 1,741,199,100 and 779,298,529 shares of common stock, respectively, issued and outstanding.

NOTE 10 – SEGMENT INFORMATION

The Company views its operations and manages its business as one segment. The Company business is to acquire, refurbish, add location electronics, advertise and either sell or lease its commercial vehicles to independent drivers and operators. The Company's customers represent a single market or segment. As such, the Company makes operating decisions and assesses financial performance only for the Company as a whole and does not make operating decisions or assess financial performance from the sale or lease of commercial vehicles individually.

NOTE 11 – REVENUE RECOGNITION

The Company recognizes revenue when it satisfies performance obligations by the transfer of control of products or services to its customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those products or services.

Revenue	Nine Months Ended August 31,	
	2022	2021
Resale of refurbished trucks	\$ 785,144	\$ 2,885,121
Truck rental	517,951	625,873
Repair revenue	14,591	33,798
Miscellaneous income	10,913	-
Total Revenue	<u>\$ 1,328,599</u>	<u>\$ 3,544,792</u>

The Company recognizes revenue from class 8 heavy duty truck sales to customers when it satisfies its performance obligation, at a point in time, when title to the truck is transferred to the customer and collection of cash is certain. Delivery or shipping charges billed to customers, if applicable, are included in product sales and the related shipping costs are included in cost of goods sold. For the nine months August 31, 2022, the Company recognized sales revenue from the resale of refurbished trucks of \$785,144 as compared to sales revenue from the resale of refurbished trucks of \$2,885,121 during the nine months ended August 31, 2021.

The Company also recognizes revenue from the rental of class 8 heavy-duty trucks to customers. Revenue from these truck rental agreements is recognized based upon the passage of time over the term of the arrangement once control of the underlying asset has been transferred to the customer. The arrangements require weekly payments, and the customer may cancel the agreement at any time by notifying the Company in writing at least 30 days before such termination. For the nine months August 31, 2022, the Company recognized sales revenue from the rental of its trucks of \$517,951, as well as repair revenue of \$14,591 and miscellaneous income of \$10,913, as compared to sales revenue from the rental of its trucks of \$625,873 as well as repair revenue of \$33,798 during the nine months ended August 31, 2021.

NOTE 12 - SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 Subsequent Events, the Company has analyzed its operations subsequent to August 31, 2022, to October 17, 2022, the date these unaudited consolidated condensed financial statements were issued, and has determined that it has the following material subsequent events to disclose in these consolidated financial statements.

During the early September 2022, the Company received \$75,050 from the issuance of 87,250 shares of its Series B convertible preferred stock on August 30, 2022. (Note 9)

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

The results of our quarter ended August 31, 2022, reflect the continuation of the business process being experienced in the incubation of our premier start-up subsidiary in the Transportation Services segment of the Trucking Industry. Daniels continued to umbrella its subsidiary, Payless Truckers, Inc.'s expansion through financing sources expensive in nature. Parent Company Management believes the capital costs incurred were warranted as they augmented working capital levels during a very challenging quarter. After months of negotiations, several financing options are in final review with some having very favorable terms including long-term financing.

For the nine months - December 1, 2021, through August 31, 2022 - Total Revenue was \$1,328,599 compared to \$3,544,792 for the corresponding quarter of the previous fiscal year. This was comprised of \$785,144 from the Flip business and \$517,951 in fleet rental, \$14,591 repairs, and \$10,913 miscellaneous income. While both businesses have the potential to produce high margins, our activities were severely limited by (1) the substantial increase in prices of used trucks for our fleet which was partially counteracted when we could afford to selectively bid at Auctions, (2) In spite of the substantial increase in fuel costs only the well positioned drivers continued in business. Most of the drivers in our rental fleet were able to sustain themselves, and (3) the lack of closings of financing transactions to continue our growth.

Our program rental fleet has the potential to be scale-able and provide significant growth because of its predictable gross cash flow / potential earnings stream. We are receiving continuing interest in our products because they are top of the line brands/models. We are confident that the financing alternatives being finalized - as noted below - will allow us to meet this demand soon. In addition, we have recently been able to find identify trucks for our flip business at reasonable prices that allow us to rebuild and maintain our historic top line and margins. The demand is growing, and our new financing arrangements mentioned below will allow us to meet that demand.

The normal short-term financing regularly provided was not provided at historic levels. This expensive money was necessary to fuel the working capital level to continue operations at fiscal year 2021 levels. The financier's previous year's capital commitment proved-out both our incubator and transportation services (Payless Truckers, Inc.) models. These models are perfect in concept and can easily have their expansion accelerated with the proper capital now that Class 8 Tractor prices have softened. Unfortunately, the capital needed - asset based lending at current market rates, and not from the hard money lenders, and long-term straight debt financing with warrants was still in negotiation. It could not help the results of the August 2022 quarter.

Negotiations with long-term straight debt lenders and Preferred Stock financiers are continuing. More creative approaches were developed by concerted efforts with several investment banking houses, finally centering on the use of our innovative financing structure which is currently being developed. The main objective - Daniels' senior management believes levered financing - supported by equity and layered finance options - will allow Payless to achieve the first plateau of 100 rental fleet trucks in a measured amount of time. We realize that we will need to acquire a larger operating facility so we can accelerate the build out of Payless. Current capital negotiations now include a real estate component so we can accelerate our fleet expansion. Our current operating facility has limited capacity and can only add five to six truck additions to our rental fleet each month.

The funding options being discussed and finalized will eliminate the need for continuation of expensive private investor funding. The use of our innovative concept allows for a lower interest rate because the secured loan financing provided to it is not under the existing heavily burdened capital structure of the consolidated companies. Blended Public market-rates for financing, - of a combination of asset based lending and long-term debt with warrants - will allow Daniels / Payless to attract institutional and retail investors. We will be able to service a larger debt load. This effort may be multiplied by any equity capital raised. Our overall cost of capital should drop significantly.

As used in this interim report, the terms "we", "us", "our", the "Company", the "Registrant", "Daniels Corporate Advisory", "DCAC" and "Daniels" mean Daniels Corporate Advisory Company, Inc. unless otherwise indicated.

Overview

Daniels Corporate Advisory creates and implements corporate strategy alternatives for the mini-cap public or private company client. The addition of new business opportunities and the location of professional talent for implementation is anticipated through the full-time efforts of our senior management. These efforts are to be expanded in the United States and in foreign capitals by an expanding advisory board and through the networks of independent consultants. Principals of the respective client company will open their networks to augment professional access for specialties the Daniels corporate strategy consultants believe are needed in a joint-venture, jointly-controlled undertaking created for the client's optimum growth.

Daniels may provide the client with multiple corporate strategies/opportunities including joint-ventures, marketing opportunity agreements and/or potential acquisitions structured in leveraged buyout format. One or a combination of these strategies would allow the client to enter new market niches or expand further into existing ones.

Recent Business Developments

The Company is operating through the corporate strategy segment of its business. It is attempting to build its own critical mass by creation of start-up subsidiaries it believes have promise/potential. The stated goal is for the parent (DCAC) company to consolidate the critical mass of the subsidiary/start-ups with that of the parent for eventually listing on a major stock exchange. We have continued to focus our efforts on the build out of the Daniels corporate strategy model. We adjusted our strategy as it relates to the development of subsidiary start-ups and potential acquisitions for common stock in light of the Coronavirus outbreak with its changes in how people and businesses operate as well as the inflationary trend in the US economy. However, in light of these new circumstances, we concentrate on identifying projects that have the potential to produce significant earnings on the leveraged capital base of both the parent and the subsidiary/start-up within an expedited time period.

We formed Payless Truckers, Inc. ("Payless"), a wholly-owned subsidiary which was incorporated in the State of Nevada, on April 11, 2018. Payless is a start-up, service company in the trucking industry. It has two business segments with its launch and current results coming from the "flip" segment, whose principal business is to acquire class 8 heavy duty trucks, refurbish them, add location electronics, advertise and sell to independent drivers and operators. The second

segment is the “credit rebuilding segment” where class 8 heavy duty trucks, owned by Daniels/Payless, are rented to experienced independent drivers. These independent drivers rent for a period of up to five years and have the option to buy the vehicle at retail value every six months. In an effort to grow quickly and profitably, Daniels entered into an operating agreement with a senior operating management team in an effort to drive the business and better realize its earnings and growth potential.

The Payless two-segment trucking model represents a streamlined Transportation Services Company; one Daniels believes can be restructured/redirected to survive any potential future slow-downs in the economy. The model was developed to allow for the maximum utilization of each truck as it is put into immediate service in numbers that are manageable without causing excess capacity. Top brand/model Tractors with low mileage are handpicked by our operations team. Our drivers continue to be handpicked for their driving skills and their established hauling networks. They rent/switch trailers to meet the available work on Load Boards or haul for major hauling companies using hauling company trailers. Due to the current dislocations in every industry due to the Coronavirus, our independent contractor drivers are constantly on the road.

We hope to further enhance our plan for growth beginning in future years by forming joint-ventures and/or partnerships with truck maintenance companies across the United States in key traffic hubs. This will potentially afford independent drivers and operators the opportunity to be serviced by trusted maintenance facilities under our warranty program. This growth plan is a natural result of our ability to build our truck rental fleet.

Business Strategy - Current Operational Strategy & Current Client Projects

Daniels creates and implements corporate strategy alternatives for the mini-cap public or private company client. The addition of new business opportunities and the location of professional talent for implementation is anticipated through the full-time efforts of our senior management. These efforts are to be expanded in the US and in Foreign capitals by an expanding advisory board and through the networks of independent consultants. Principals of the respective client company will open their networks to augment professional access for specialties the Daniels corporate strategy consultants believe are needed in a joint venture, (jointly-controlled) undertaking created for the client’s optimum growth.

Daniels may provide the client with multiple corporate strategies/opportunities including joint-ventures, marketing opportunity agreements and/or potential acquisitions structured in a leveraged buyout format. One or a combination of these strategies would allow the client to enter new market niches or expand further into existing ones.

One of the Company's primary objectives is to be listed on a major exchange listing. Senior management is estimating at least twenty-four months from commencement of a corporate strategy assignment. Financial results, aided by all participating players, should be forthcoming and recorded in SEC filings. At the same time, a senior management team and Board expanded with highly-credible interim (or permanent) professionals (directors) will be organized in order to successfully navigate the listing process of a major stock exchange. While Daniels believes this process should be successful in the above-noted time period, there is some uncertainty in the process which is dependent upon any past issues the listing committee of a specific exchange may deem necessary to be addressed prior to uplifting. In addition, it may take added time to find the appropriate outside directors that can not only satisfy the listing committee of the exchange but who can also provide added networking/services to build the parent's and subsidiary's potential for accelerated growth.

A similar effort will be provided to tailor an optimum growth program for the private company client, whether it chooses to remain private or to become a public company through alternative merger opportunities.

Growth Strategy - Short-Term Objectives

Daniels believes that the validity of its corporate strategy model is proven through the success of its initial subsidiary incubation, Payless Truckers, Inc. The fast growth experience of this start-up is generating the interest of long-term financing sources. They recognize the obvious - the cash flows from the fleet truck program can cover significant debt service on longer-term financing which can accelerate the levered growth of the Company. Daniels has used, and will continue to use, its publicly traded common stock in a variety of securities packages, including convertible preferred stock, to launch its premier subsidiary start-up, (Payless Truckers) and will do so for other start-up opportunities being reviewed. Initial subsidiaries (start-up clients) are those that can generate significant return on invested capital so that growth acceleration comes from generic sales/profit growth. Alternative growth options - joint-ventures, marketing agreements, acquisitions/LBO's - will be applied secondarily as external growth opportunities are entered into to bring the start-up (now considered an early-stage company) to critical mass for stability.

Senior management believes our corporate strategy business model - as an incubator of subsidiary / spin-off companies - to be scalable. Based upon the potential success of the initial corporate strategy consulting assignments creating Daniels' uplifting to a major stock exchange, Daniels (the publicly traded Exchange listed parent incubator with sophisticated senior advisory and capital raised at very advantageous rates) - may entertain the creation of a franchising program for key US cities and foreign finance centers.

Sales and Marketing

Daniels' senior management will concentrate its efforts to expand its corporate strategy and financial advisory services and related specialties in the mini-cap segment of the private and public markets, where Daniels believes it will be effective. Marketing efforts will increase through social and print media efforts and will be in addition to those methods already mentioned herein.

Daniels' objective is to create and help manage implementation of accelerated expansion strategies and in so doing, aid in the creation of financing alternatives to accomplish client goals.

Competition

Existing and new competitors will continue to improve their services and introduce new services with competitive price and performance characteristics.

In periods of reduced demand for our services, we can either choose to maintain market share by reducing our prices to meet competition or maintain prices and choose only those assignments with new clients that have pressing goals to be met that offer Daniels optimum potential for profits and growth.

The "collective" corporate financial services, direct and referral, including merchant banking/private equity, are very competitive and fragmented in the Company's market niche. There are limited barriers to entry and new competitors frequently enter the market. A significant number of our competitors possess substantially greater resources. We will continue to offer equity compensation to our team in order to keep a stable, cohesive team of professionals, which is necessary and key to the creation of operating and capital solutions in a timely fashion.

The above competitive considerations are no longer considered by senior advisory/oversight management to be as important as they once were. More importantly, we are now known for the success of our visionary growth strategies and their execution in the development and launch of our premier subsidiary - Payless Truckers Inc. The return on investment on early stages of our developing 100 truck fleet should generate the positive cash flow that will eventually create excess profits and help launch other promising new candidates (start-up clients) as subsidiary deals. The challenges of the past year have caused management to rededicate its mission to find creative ways to serve our customers in ways that allow us to regain our growth momentum from satisfied customers.

General

Our discussion and analysis of our financial condition and results of operations is based on our financial statements. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our most significant judgments and estimates used in preparation of our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Critical Accounting Policies

Financial Reporting Release No. 60, published by the SEC, recommends that all companies include a discussion of critical accounting policies used in the preparation of their financial statements. While all these significant accounting policies impact our financial condition and results of operations and we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates.

We believe that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

The accounting policies identified as critical are as follows:

Revenue and Cost Recognition

We recognize revenue when we satisfy performance obligations by the transfer of control of products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. We recognize revenue from class 8 heavy duty truck sales to customers when we satisfy our performance obligation, at a point in time, when title to the truck is transferred to the customer. Delivery or shipping charges billed to customers, if applicable, are included in product sales and the related shipping costs are included in cost of goods sold.

Fair Value of Assets

The Company has adopted the standard FASB Accounting Standards Codification (ASC 820) “*Fair Value Measurements and Disclosures*” which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include investments in available-for-sale securities and accounts payable and accrued expenses. The Company has also applied ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency in response to a new strain of a coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global situation and its effects on the Company’s industry, financial condition, liquidity, and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022. However, if the pandemic continues, it may have a material adverse effect on the Company’s results of future operations, financial position, and liquidity in fiscal year 2022.

Liquidity and Capital Resources

Working Capital Data:		August 31, 2022	November 30, 2021	Changes	
				Amount	%
	Current Assets	\$ 161,527	\$ 403,584	\$ (242,057)	(60)%
	Current Liabilities	\$ (4,414,399)	\$ (3,967,120)	\$ (447,279)	11%
	Working Capital Deficiency	\$ (4,252,872)	\$ (3,563,536)	\$ (689,336)	19%

As of August 31, 2022, we had \$49,071 in cash and cash equivalents and a working capital deficit of \$4,252,872.

Our working capital deficit at August 31, 2022 was \$4,252,872 as compared to working capital deficit of \$3,563,536 as of November 30, 2021. The increase in working capital deficit was mainly attributed to an increase in derivative liabilities, an increase in interest costs, the classification of past due loans as current liabilities, a decrease in cash and cash equivalents and an increase in accounts payable to the related party.

The following table sets forth certain information about our cash flow during the nine months August 31, 2022 and 2021:

Cash Flows Data:		Nine Months Ended August 31,		Changes	
		2022	2021	Amount	%
	Cash Flows provided by (used in) Operating Activities	\$ (328,235)	\$ 2,818	\$ (331,053)	(11748)%
	Cash Flows provided by (used in) Investing Activities	152,745	(238,498)	391,243	(164)%
	Cash Flows provided by Financing Activities	43,473	329,555	(286,082)	(87)%
	Net increase (decrease) in cash during period	<u>\$ (132,017)</u>	<u>\$ 93,875</u>	<u>\$ (225,892)</u>	<u>(241)%</u>

Net cash used in operating activities was \$328,235 for the nine months August 31, 2022, compared to net cash provided by operating activities of \$2,818 during the nine months ended August 31, 2021. The decrease in net cash provided by operating activities is attributable to the change in our working capital assets and reduced revenues compared to the nine months ended August 31, 2021.

Net cash provided by investing activities was \$152,745 for the nine months August 31, 2022, compared to net used of \$238,498 during the nine months August 31, 2021. The decrease in net cash used is directly attributable to not purchasing trucks for use in our credit rebuilding business line during the period and the proceeds from disposal of property and equipment.

Net cash provided by financing activities was \$43,473 for the nine months August 31, 2022, compared to net cash provided of \$329,555 for the nine months August 31, 2021. The decrease in net cash provided by financing activities is directly related to the increased repayments of loans payable used to finance vehicle purchases. During the nine months August 31, 2022, we received \$284,500 in proceeds from loans payable and repaid \$240,856 of principal on the loans.

Our primary source of liquidity has been proceeds received from the issuance of Series B convertible preferred stock, convertible debt and commercial loans. In addition, cash flow generated by our subsidiary Payless Truckers has helped to sustain the consolidated group.

Financing Activities

We will have to raise capital by means of borrowings or through a private placement or a subsequent registered offering. At present, we do not have any commitments with respect to future financings. If we are unable to raise adequate capital, in the near term, to finance all phases of a client corporate consulting assignment, our proposed business will experience slow growth because it will be very hard to compete for business without a sound capital base to support advisory and implementation efforts on our suggested corporate growth strategies.

At present, we do not have sufficient capital on hand to fund operations for the immediate future. Management estimates that it will need up to \$2.0 million to fund its PayLess Truckers subsidiary. It is possible that we can still achieve our objectives by use of asset-based lending whereby we can leverage our truck purchases. However, because of the start-up nature of the subsidiary this financing may be harder to achieve than normal. Even if limited funds are raised, PayLess will still be able to register profits from its “flip” program while cost-effective funding for the “credit enhancement” program can be arranged. The Company does have funding available under a commitment letter but these funds are very expensive; management is trying to avoid their use.

It is the Company’s intention to concentrate its efforts on the build-out of the business components of its PayLess Truckers, Inc. subsidiary. Once solidly on its growth path, meeting projections and generating positive operating cash flows, additional subsidiary/start-up businesses will be entertained by the parent company.

Senior Management believes it will have sufficient cash flows to continue in business for the foreseeable future. While legal and accounting expenses are significant for a reporting company, we will cover them out of operating cash flows.

Comparison of the Three Months August 31, 2022 to the Three Months August 31, 2021 Results of Operations

Our operating results for the three months August 31, 2022 and 2021, and the changes between those periods for the respective items are summarized as follows:

Statement of Operations Data:	Three Months Ended August 31,		Changes	
	2022	2021	Amount	%
Revenue	\$ 335,366	\$ 1,189,371	\$ (854,005)	(72)%
Cost of Services	(205,161)	(828,142)	622,981	(75)%
Gross profit	130,205	361,229	(231,024)	(64)%
Total operating expenses	(274,510)	(276,309)	1,799	(1)%
Other income (expense)	(149,152)	151,120	(300,272)	(199)%
Net Income (loss)	<u>\$ (293,457)</u>	<u>\$ 236,040</u>	<u>\$ (529,497)</u>	<u>(224)%</u>

Sales

Sales totaled \$335,366 which were comprised of (i) \$169,369 from the resale of refurbished trucks and (ii) \$159,278 from vehicle rental agreements, (iii) \$2,195 from repair income and (iv) \$4,524 from other miscellaneous sources for the three months August 31, 2022, compared to sales of \$1,189,371 which were comprised of (i) \$952,231 from the resale of refurbished trucks and (ii) \$215,227 from vehicle rental agreements, and (iii) \$21,913 from other miscellaneous sources for the three months ended August 31, 2021. The substantial decrease in revenue is directly related to the large increase in diesel fuel cost, the volatility in truck market prices and overall significant inflation.

Gross Profit

Gross profit is calculated by subtracting cost of goods sold from sales. Gross profit percentage is calculated by dividing gross margins by revenue. Current gross profit percentages may not be indicative of future gross profit performance. Gross profit totaled \$130,205 for the three months August 31, 2022, compared to \$361,229, during the three months ended August 31, 2021, respectively. Gross profit percentage was 39.0% and 30.0% for the three months August 31, 2022 and 2021, respectively. The increase in gross profit is composed of reduced trucks available for sale from increased purchase prices and included higher percentage mix of revenues from truck rental agreements, which typically yield higher profit margins, and relatively consistent profit margins from the resale of our trucks compared to the quarter ended August 31, 2021.

Operating Expenses

Operating expenses are primarily comprised of compensation, facilities costs, outsourced services and disposal of vehicles and equipment. Operating expenses totaled \$274,510 for the three months August 31, 2022, compared to operating expenses of \$276,309 during the three months ended August 31, 2021 representing a decrease of \$1,799 or 1%. The decrease in operating expenses is generally related to the increase in our use of outsourced services, reductions in consulting and professional services for corporate matters, financing efforts, gains on disposal of vehicles and wages.

Other Income and Expenses

Other expenses totaled \$149,152 for the three months August 31, 2022, compared to other income of \$151,120 during the three months ended August 31, 2021 representing an increase in other expense of \$300,272 or 199%. Interest expense decreased to \$153,393 for the three months ended August 31, 2022 from \$183,077 during the three months ended August, 2021. We recorded a gain from the change in fair value of derivative liabilities of \$4,241 during the three months August 31, 2022, compared to a gain from the change in fair value of derivative liabilities of \$334,197 during the three months ended August 31, 2021.

Net Income Attributable to Common Stockholders

The Company realized net loss attributable to common stockholders of \$294,647 for the three months August 31, 2022, compared to net income of attributable to common stockholders of \$97,102 realized during the three months ended August 31, 2021. The decrease in our net income and net loss attributable to common stockholders is largely attributable to the reduced gain associated with the change in fair value of derivative liabilities and decreased revenue.

Comparison of the Nine Months August 31, 2022 to the Nine Months Ended August 31, 2021 Results of Operations

Our operating results for the nine months August 31, 2022 and 2021, and the changes between those periods for the respective items are summarized as follows:

Statement of Operations Data:	Nine Months Ended August 31,		Changes	
	2022	2021	Amount	%
Revenue	\$ 1,328,599	\$ 3,544,792	\$ (2,216,193)	(63)%
Cost of services	(812,859)	(2,486,524)	1,673,665	(67)%
Gross profit	515,740	1,058,268	(542,528)	(51)%
Total operating expenses	(887,952)	(928,219)	40,267	4.3%
Other expense	(1,250,676)	217,163	(1,467,839)	(676)%
Net loss	<u>\$ (1,622,888)</u>	<u>\$ 347,212</u>	<u>\$ (1,970,100)</u>	<u>(567)%</u>

Sales

Sales totaled \$1,328,599 which were comprised of (i) \$785,144 from the resale of refurbished trucks and (ii) \$517,951 from vehicle rental agreements, (iii) \$14,591 from repair income and (iv) \$10,913 from other miscellaneous sources for the nine months August 31, 2022, compared to sales of \$3,544,792 which were comprised of (i) \$2,885,121 from the resale of refurbished trucks and (ii) \$625,873 from vehicle rental agreements, and (iii) \$33,798 from other miscellaneous sources for the nine months ended August 31, 2021. The substantial decrease in revenue is directly related to the large increase in diesel fuel cost, the volatility in truck market prices and overall significant inflation.

Gross Profit

Gross profit is calculated by subtracting cost of goods sold from sales. Gross profit percentage is calculated by dividing gross margins by revenue. Current gross profit percentages may not be indicative of future gross profit performance. Gross profit totaled \$515,740 for the nine months August 31, 2022, compared to \$1,058,268, during the nine months August 31, 2021. Gross profit percentage was 38.8% and 29.9% for the nine months August 31, 2022 and 2021, respectively. The increase in gross profit is composed of reduced trucks available for sale from increased purchase prices and included higher percentage mix of revenues from truck rental agreements, which typically yield higher profit margins, and relatively consistent profit margins from the resale of our trucks compared to the quarter ended August 31, 2021.

Operating Expenses

Operating expenses are primarily comprised of compensation, facilities costs, outsourced services and disposal of vehicles and equipment. Operating expenses totaled \$887,952 for the nine months August 31, 2022, compared to operating expenses of \$928,219 during the nine months August 31, 2021 representing a decrease of \$40,267 or 4.3%. The decrease in operating expenses is generally related to the increase in our use of outsourced services, reductions in consulting and professional services for corporate matters and financing efforts, gains on disposal of vehicles and wages.

Other Expenses

Other expense totaled \$1,250,676 for the nine months August 31, 2022, compared to other income of \$217,163 during the nine months August 31, 2021 representing an increase in other expense of \$1,467,839 or 676%. Interest expense increased to \$561,672 for the nine months August 31, 2022 from \$541,341 during the nine months August 31, 2021. We recorded a loss from the change in fair value of derivative liabilities of \$561,672 during the nine months August 31, 2022, compared to a gain from the change in fair value of derivative liabilities of \$758,504 during the nine months August 31, 2021.

Net Income Attributable to Common Stockholders

The Company realized net loss attributable to common stockholders of \$1,622,888 for the nine months August 31, 2022, compared to net loss attributable to common stockholders of \$1,009 realized during the nine months August 31, 2021. The increase in our net loss attributable to common stockholders is largely attributable to the change from a gain to a loss associated with the change in fair value of derivative liabilities and lower revenues.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None.

ITEM 4 CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, as of August 31, 2022, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of August 31, 2022 to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act were recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Act Commission's rules and forms and that our disclosure controls are effectively designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdown can occur because of simple error or mistake. In particular, many of our current processes rely upon manual reviews and processes to ensure that neither human error nor system weakness has resulted in erroneous reporting of financial data.

Changes in Internal Control Over Financial Reporting.

There were no changes in our internal control over financial reporting during the quarter ended August 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings. Our counsel has no formal knowledge in the form of filings of any pending or contemplated litigation, claims or assessments. With regard to matters recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure and to which counsel has formed a professional conclusion that the Company should disclose or consider disclosure concerning such possible claims or assessment, as a matter of professional responsibility to the Company, counsel will so advise and will consult with the company concerning the question of such disclosure and the applicable requirements of FASB ASC 450, "Contingencies". To date, counsel has no formal knowledge of any unasserted possible claims.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in "Risk Factors" in our Annual Report on Form 10-K for the year ended November 30, 2021 filed with the SEC on March 28, 2022.

The Company relied upon an exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, and/or Regulation D promulgated under the Securities Act of 1934, as amended, in connection with the foregoing issuances.

ITEM 6. EXHIBITS, REPORTS ON FORM 8-K AND FINANCIAL STATEMENT SCHEDULES

Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits and are incorporated herein by this reference.

Exhibit No.	Description
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

Signature	Title	Date
<div>/S/ NICHOLAS VIOLA</div> <div>Nicholas Viola</div>	Chief Executive Officer (Principal Executive Officer)	October 17, 2022
<div>/S/ KEITH L. VOIGTS</div> <div>Keith L. Voigts</div>	Chief Financial Officer (Principal Financial and Accounting Officer)	October 17, 2022

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Nicholas Viola, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Daniels Corporate Advisory Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedure to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 17, 2022

/s/ Nicholas Viola

Nicholas Viola, Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report of Daniels Corporate Advisory Company, Inc. (the “Company”) on Form 10-Q for the quarter ended August 31, 2022, as filed with the Securities and Exchange Commission on October 15, 2022 (the “Report”), we, the undersigned, in the capacities and on the date indicated below, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

1. The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 17, 2022

/s/ Nicholas Viola

Nicholas Viola, Chief Executive Officer
(Principal Executive Officer)

Dated: October 17, 2022

/s/ Keith L. Voigts

Keith L. Voigts, Chief Financial Officer
(Principal Financial and Accounting Officer)
