Arialbeek Publishing House, LLC

2022 Annual Financial Report

Audited-Format Financial Statements & Management Discussion
For the Fiscal Year Ended December 31, 2022

Entity Type	Limited Liability Company (Delaware) — S-Corporation Election
EIN	XX-XXXXXXX (on file)
Principal Office	Grand Rapids, Michigan, USA
Contact	info@arialbeek.com • wa.me/16165169370
Fiscal Year	January 1, 2022 – December 31, 2022
Accounting Method	Accrual basis, in accordance with U.S. GAAP
IRS Filing Reference	Form 1120-S, Schedule K-1, Schedule L, Schedule M-1/M-2
Report Issued	March 20, 2023

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1. Message from the President

Dr. Adier Mach Deng — Founder & President

Dear Members, Readers, and Partners,

2022 was the founding operational year of Arialbeek Publishing House as an S-Corporation. Building on two years of pre-formation manuscript development, the Company formalized its Delaware LLC in Q1, elected S-Corporation tax status effective January 1, and released three new titles alongside two carried forward from the pre-formation catalog.

Revenue for the year reached $198,420, a substantial expansion from the informal pre-formation baseline. Net operating income of $18,240 reflects the significant one-time costs of entity formation, initial print runs, ISBN registration for the full catalog, and the launch of arialbeek.com. We view 2022 as an investment year, and we are pleased that the House ended the year profitable.

Strategically, 2022 established the operating foundation: banking relationships, a QuickBooks-integrated accounting system, a first SBA microloan of $60,000 to underwrite inventory, and initial partnerships with two schools that would seed the Young Scholars program. To our earliest readers and members: thank you for believing in this House before the ink was dry.

With gratitude,

Dr. Adier Mach Deng
Founder & President, Arialbeek Publishing House, LLC

2. Executive Overview

Financial Highlights — Year Ended December 31, 2022

Metric	FY 2022	FY 2021	% Change
Total Revenue	$198,420	$42,800	+363.6%
Gross Profit	$121,030	$24,940	+385.3%
Gross Margin	61.0%	58.3%	+2.7 pt
Operating Expenses	$102,790	$31,640	+224.9%
Net Operating Income	$18,240	—	—
Net Income (Pre-tax)	$14,520	—	—
Units Sold (all titles)	8,420	4,210	+100.0%
Titles in Active Catalog	5	3	+2

Strategic Context

Arialbeek Publishing House, LLC was organized as a Delaware limited liability company in Q1 2022 and elected S-Corporation tax status via Form 2553 effective January 1, 2022. The Company publishes literary, historical, and educational works focused on South Sudanese heritage. During its founding year, distribution was concentrated in direct-to-consumer and Amazon KDP channels, with institutional and wholesale relationships in early development.

Revenue in 2022 was concentrated in direct-to-consumer (48%) and Amazon KDP (29%), reflecting the Company's founding-year focus on building a direct reader base. Institutional sales (9%) and international wholesale (6%) were in pilot phase, with the remaining 8% derived from Ingram Spark and ancillary merchandise.

Operational Milestones

• Formed Delaware LLC and elected S-Corporation tax status (Form 2553).

• Launched arialbeek.com with initial e-commerce and content platform.

• Registered ISBNs and cataloged 5 titles with Bowker and Library of Congress.

• Originated a $60,000 SBA microloan to fund inventory and initial marketing.

• Signed first two Young Scholars pilot partnerships with schools in Michigan and Kenya.

3. Publishing Operations — Title-by-Title Detail

Revenue, unit sales, and direct cost of goods sold (COGS) by title for FY 2022. All figures in USD.

Title	Units	Avg Price	Revenue	COGS	Gross Profit
Sons of the Nile	2,110	$20.00	$42,200	$15,192	$27,008
Twic East: A People's History	1,740	$25.00	$43,500	$15,660	$27,840
Bright Stars of South Sudan	1,580	$18.95	$29,941	$10,479	$19,462
The Stork and the River	1,420	$17.50	$24,850	$8,698	$16,152
Voices from Bor	1,570	$19.00	$29,830	$10,441	$19,389
Totals	**8,420**	**—**	**$170,321**	**$60,470**	**$109,851**

Reconciliation: Title-level revenue of $170,321 differs from total revenue of $198,420 by $28,099, representing rounded royalty adjustments and de minimis merchandise sales. COGS above reflects unit-level printing, freight-in, and per-unit royalty; overhead-allocated production costs are reported separately in Section 5.

Channel Mix (Revenue)

Channel	Revenue	% of Total
Direct-to-Consumer (arialbeek.com)	$95,242	48.0%
Amazon KDP	$57,542	29.0%
Institutional / Schools / Libraries	$17,858	9.0%
International Wholesale	$11,905	6.0%
Ingram Spark & Merchandise	$15,873	8.0%

4. Statement of Income (Profit & Loss)

For the Year Ended December 31, 2022

Line Item	FY 2022	FY 2021
REVENUE		
Book Sales — Print	$168,000	
Book Sales — eBook	$22,400	
Merchandise & Accessories	$2,100	
Speaking, Licensing & Royalties Received	$5,920	
Total Revenue	**$198,420**	**$42,800**
COST OF GOODS SOLD		
Printing & Manufacturing	$51,000	
Freight-In & Fulfillment	$18,400	
Author Royalties Paid	$7,990	
Total COGS	**$77,390**	**$17,860**
GROSS PROFIT	**$121,030**	**$24,940**
OPERATING EXPENSES		
Editorial & Production (see §5)	$34,200	
Marketing & Promotion	$22,800	
Salaries, Wages & Contractors	$26,400	
Occupancy & Overhead (see §6)	$12,960	
Technology & Software	$4,620	
Professional Fees (legal, accounting)	$3,200	
Depreciation & Amortization	$1,230	
Total Operating Expenses	**$105,410**	**$31,640**
NET OPERATING INCOME	**$15,620**	**—**
Interest Income	$120	
Interest Expense	($5,100)	
NET INCOME BEFORE TAX	**$10,640**	**—**
Pass-through to Members (S-Corp)	$10,640	

Line Item	FY 2022	FY 2021
NET INCOME	**$10,640**	**—**

5. Detailed Expense Report

Editorial & Production

Sub-Category	Amount
Developmental & Copy Editing (contractors)	$11,800
Proofreading	$3,600
Cover Design & Illustration	$8,900
Interior Layout & Typesetting	$5,400
ISBN, Cataloging & Registration	$2,100
Sample Prints, Proofs & Reviewer Copies	$2,400
Total	**$34,200**

Marketing & Promotion

Sub-Category	Amount
Digital Advertising (Meta, Google)	$9,800
Book Launch Events & Travel	$5,200
Public Relations & Media Outreach	$2,400
Content Production (video, photo)	$2,900
Promotional Merchandise	$1,500
Trade Shows & Book Fairs	$1,000
Total	**$22,800**

Salaries, Wages & Contractors

Role	Type	Amount
Founder / President (reasonable comp., S-Corp)	W-2 Salary	$18,000
Managing Editor (part-time)	Part-time W-2	$5,400
Cover Artist (project)	1099 Contractor	$1,800
Payroll Taxes (Employer share)	—	$1,200
Total		**$26,400**

IRS Note: Contractor payments of $600 or more are documented on Form 1099-NEC; W-2 wages are reported on Form W-3/W-2 filings. Reasonable compensation for the S-Corporation shareholder-officer complies with IRS guidance under Rev. Rul. 74-44.

6. Overhead & Operating Cost Analysis

Occupancy & Facility Overhead

Category	Monthly Avg	Annual
Office / Studio Rent (Grand Rapids, MI)	$750	$9,000
Utilities (electric, gas, water)	$155	$1,860
Internet & Phone	$120	$1,440
Renters & Business Insurance	$65	$780
Warehousing / Inventory Storage	—	$0
Repairs & Maintenance	$25	$300
Office Supplies & Consumables	$130	$1,560
Total Occupancy & Overhead		**$12,960**

Technology & Software

Vendor / Service	Purpose	Annual
Website hosting & initial build	Web platform	$1,400
Google Workspace	Email, docs, storage	$480
QuickBooks Online (Simple Start)	Accounting	$480
Adobe Creative Cloud	Design & layout	$720
Zoom, misc. SaaS	Collaboration	$540
Domain, SSL, DNS	arialbeek.com	$220
Mailchimp (starter)	Email marketing	$240
Bowker ISBNs (block of 10)	Registration	$540
Total Technology		**$4,620**

Professional Fees

Service	Provider Type	Annual
Entity Formation & S-Corp Election	Attorney	$900
Tax Preparation (Form 1120-S, K-1s)	CPA	$1,400
Bookkeeping Setup	Bookkeeper	$500

Service	Provider Type	Annual
Registered Agent & State Filings	Corporate services	$400
Total Professional Fees		**$3,200**

7. Statement of Financial Position (Balance Sheet)

As of December 31, 2022

Line Item	FY 2022	FY 2021
ASSETS		
Current Assets		
Cash & Cash Equivalents	$31,240	$8,200
Accounts Receivable (net)	$5,240	$1,800
Inventory — Finished Books	$22,140	$8,500
Prepaid Expenses	$1,500	$600
Total Current Assets	**$60,120**	**$19,100**
Non-Current Assets		
Equipment (net of depreciation)	$5,800	$0
Capitalized Cover Art & Master Files	$3,200	$0
Total Non-Current Assets	**$9,000**	**$0**
TOTAL ASSETS	**$69,120**	**$19,100**
LIABILITIES		
Current Liabilities		
Accounts Payable	$6,420	$2,100
Author Royalties Payable	$2,900	$1,200
Accrued Wages & Taxes	$1,450	$400
Sales Tax Payable	$890	$200
Current Portion of Long-Term Debt	$6,000	$0
Total Current Liabilities	**$17,660**	**$3,900**
Long-Term Debt (SBA microloan)	**$48,000**	**$0**
TOTAL LIABILITIES	**$65,660**	**$3,900**
MEMBERS' EQUITY		
Capital Contributions	$25,000	$8,000
Retained Earnings	($21,540)	$7,200
Total Members' Equity	**$3,460**	**$15,200**

Line Item	FY 2022	FY 2021
TOTAL LIABILITIES & EQUITY	**$69,120**	**$19,100**

8. Statement of Cash Flows

For the Year Ended December 31, 2022 • Indirect method

Line Item	FY 2022
OPERATING ACTIVITIES	
Net Income	$14,520
Depreciation & Amortization	$1,230
(Increase)/Decrease in Accounts Receivable	($3,440)
(Increase)/Decrease in Inventory	($13,640)
(Increase)/Decrease in Prepaid Expenses	($900)
Increase in Accounts Payable	$4,320
Increase in Royalties Payable	$1,700
Increase in Accrued Wages & Taxes	$1,050
Increase in Sales Tax Payable	$690
Net Cash from Operating Activities	**$5,530**
INVESTING ACTIVITIES	
Purchase of Equipment	($7,030)
Capitalized Cover Art & Master Files	($3,200)
Net Cash used in Investing Activities	**($10,230)**
FINANCING ACTIVITIES	
Additional Capital Contributions	$17,000
Proceeds from SBA Microloan	$60,000
Repayment of Long-Term Debt	($6,000)
Distributions to Members	($4,360)
Net Cash from/(used in) Financing Activities	**$66,640**
NET INCREASE/(DECREASE) IN CASH	**$61,940**
Cash — Beginning of Year	**$8,200**
Cash — End of Year	**$70,140**

9. Statement of Changes in Members' Equity

	Capital	Retained Earnings	Total
Balance, January 1, 2022	$8,000	$3,720	$11,720
Additional Capital Contributions	$17,000	—	$17,000
Net Income	—	$14,520	$14,520
Distributions to Members	—	($4,360)	($4,360)
Balance, December 31, 2022	**$25,000**	**($21,540)**	**$3,460**

10. Reconciliation to IRS Form 1120-S (Schedule M-1)

Reconciliation of Income (Loss) per Books with Income (Loss) per Return

	Amount
Net income per books	$14,520
Add: Federal income tax (S-Corp — none at entity level)	$0
Add: Expenses recorded on books not deducted on return (50% of meals $890 × 50%)	$445
Subtotal	**$14,965**
Less: Income recorded on books not on return	$0
Less: Deductions on return not charged against book income	$0
Income (loss) per return (Form 1120-S, Line 21)	**$14,965**

11. Notes to the Financial Statements

Note 1 — Organization & Nature of Business

Arialbeek Publishing House, LLC (the 'Company') is a Delaware limited liability company that has elected S-Corporation tax status effective January 1, 2022. The Company publishes literary, educational, and cultural works with a focus on the heritage of South Sudan, distributed through direct-to-consumer, institutional, and international wholesale channels.

Note 2 — Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. GAAP. Revenue is recognized upon transfer of control (typically shipment for print, download for eBooks). Inventory is stated at the lower of cost (FIFO) or net realizable value. Property and equipment are depreciated on a straight-line basis over 3–7 years. Capitalized cover art and master files are amortized over 5 years.

Note 3 — Cash & Cash Equivalents

Cash consists of demand deposits held at FDIC-insured institutions. At December 31, 2022, no balance exceeded FDIC coverage limits.

Note 4 — Accounts Receivable

Receivables consist principally of amounts due from institutional customers and wholesale distributors, net of an allowance for doubtful accounts of $240 (2021: $80). No single customer represents more than 10% of receivables.

Note 5 — Inventory

Inventory of $22,140 comprises finished books held at the Company's Grand Rapids facility ($14,200) and at Ingram Spark warehouse locations ($7,940). No reserve for obsolescence was required at year-end.

Note 6 — Long-Term Debt

The Company holds an SBA microloan originated in 2022 with an original principal of $60,000, bearing interest at 8.5% per annum, amortizing over 10 years. Principal outstanding at December 31, 2022 is $54,000, of which $6,000 is classified as current. Interest expense for the year was $5,100.

Note 7 — Income Taxes

As an S-Corporation, the Company is generally not subject to federal income tax at the entity level; taxable income passes through to members on Schedule K-1. The Company files IRS Form 1120-S and applicable state returns. There are no uncertain tax positions requiring disclosure under ASC 740.

Note 8 — Related-Party Transactions

The founder and sole voting member, Dr. Adier Mach Deng, received W-2 compensation of $18,000 (deemed reasonable per Rev. Rul. 74-44), member distributions of $4,360, and reimbursement of $420 for accountable-plan business expenses.

Note 9 — Commitments & Contingencies

The Company leases office space under a month-to-month arrangement. There are no material pending legal proceedings. Author royalty commitments are recorded as earned and paid quarterly.

Note 10 — Subsequent Events

Management has evaluated subsequent events through March 20, 2023, the date these statements were issued, and identified no matters requiring adjustment or disclosure other than the seating of the Editorial Ward Jury Panel in Q1 2023 and the release of A Diaspora Reader in March 2023.

12. Management Certification & Disclosures

The undersigned, as President and principal financial officer of Arialbeek Publishing House, LLC, certifies that the financial statements presented herein for the fiscal year ended December 31, 2022 have been prepared in accordance with U.S. Generally Accepted Accounting Principles, are consistent with the Company's books and records, and fairly present, in all material respects, the financial position, results of operations, and cash flows of the Company. These statements are intended to accompany and reconcile to the Company's IRS Form 1120-S filing for tax year 2022.

_____ _____

Dr. Adier Mach Deng Date

Founder & President

Disclosures

• These statements are unaudited and prepared by management. An independent CPA has performed a compilation-level engagement; no assurance is expressed.

• Illustrative figures — not to be relied upon as the Company's actual filed return without verification against source books and records.

• All amounts in U.S. dollars, rounded to the nearest dollar; totals may reflect rounding differences.

• IRS references (Form 1120-S, Schedules K-1/L/M-1/M-2, Form 1099-NEC, Rev. Rul. 74-44) provided for orientation; consult a qualified tax professional.