# Arialbeek Publishing House, LLC

*2025 Annual Financial Report*

Audited-Format Financial Statements & Management Discussion
For the Fiscal Year Ended December 31, 2025

| | |
|---|---|
| **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, 2025 – December 31, 2025 |
| **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 12, 2026 |

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# 1. Message from the President

*Dr. Adier Mach Deng — Founder & President*

Dear Members, Readers, and Partners,

2025 was a breakthrough year. Total revenue reached $548,910, a 33.0% increase over 2024, driven by the sustained performance of The Dinka Ghost Marriage, the successful launch of two new titles (Nile Songs and The Wisdom of the Elders), and the maturation of the Young Scholars program to 22 partner schools across 9 countries.

Net operating income grew to $118,820 — a 51.5% increase over 2024 — as gross margin expanded to 66.5% on improved print economics and the mature hybrid fulfillment model. We meaningfully increased our investment in editorial infrastructure and international marketing, and still delivered stronger bottom-line results than any prior year.

Beyond the ledger, 2025 saw the second cycle of the South Sudan's Best Writer's Award, the addition of a second Managing Editor, and the retirement of the original SBA microloan. The House enters 2026 debt-free at the entity level, with materially strengthened working capital and a catalog of eleven titles. Thank you to our members, readers, and the ever-widening community of writers.

With gratitude,

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

# 2. Executive Overview

## Financial Highlights — Year Ended December 31, 2025

| Metric | FY 2025 | FY 2024 | % Change |
|---|---|---|---|
| Total Revenue | $548,910 | $412,850 | +33.0% |
| Gross Profit | $365,025 | $268,352 | +36.0% |
| Gross Margin | 66.5% | 65.0% | +1.5 pt |
| Operating Expenses | $246,205 | $189,932 | +29.6% |
| Net Operating Income | $118,820 | $78,420 | +51.5% |
| Net Income (Pre-tax) | $116,080 | $74,180 | +56.5% |
| Units Sold (all titles) | 24,980 | 18,742 | +33.3% |
| Titles in Active Catalog | 11 | 9 | +2 |

## Strategic Context

Arialbeek Publishing House, LLC completed its fourth full year as a Delaware LLC with an active S-Corporation election. In 2025 the Company launched two new titles — Nile Songs and The Wisdom of the Elders — bringing the active catalog to eleven. International distribution expanded to include Kenya, Uganda, the United Kingdom, and Canada through Ingram Spark and direct institutional relationships.

Direct-to-consumer sales continued to lead at 43% of revenue, institutional sales grew to 25%, and international wholesale reached 20% following the U.K. and East Africa expansion. Amazon KDP settled at 8% and Ingram Spark plus ancillary merchandise contributed the remaining 4%.

## Operational Milestones

• Launched two new titles (Nile Songs; The Wisdom of the Elders).

• Completed second cycle of the South Sudan's Best Writer's Award.

• Expanded Young Scholars program to 22 partner schools across 9 countries.

• Fully retired the 2022 SBA microloan (final principal payment in November 2025).

• Onboarded a second Managing Editor and a full-time Program Coordinator.

# 3. Publishing Operations — Title-by-Title Detail

Revenue, unit sales, and direct cost of goods sold (COGS) by title for FY 2025. All figures in USD.

| Title | Units | Avg Price | Revenue | COGS | Gross Profit |
|---|---|---|---|---|---|
| The Dinka Ghost Marriage | 5,940 | $25.95 | $154,143 | $49,325 | $104,818 |
| Cattle Camp Chronicles | 2,820 | $22.50 | $63,450 | $22,208 | $41,242 |
| Nile Songs (NEW 2025) | 2,410 | $24.00 | $57,840 | $20,244 | $37,596 |
| The Wisdom of the Elders (NEW 2025) | 2,085 | $23.50 | $48,998 | $17,149 | $31,849 |
| Sons of the Nile | 2,140 | $22.00 | $47,080 | $16,478 | $30,602 |
| Twic East: A People's History | 1,980 | $26.50 | $52,470 | $18,365 | $34,105 |
| Bright Stars of South Sudan | 1,810 | $20.50 | $37,105 | $12,987 | $24,118 |
| The Stork and the River | 1,530 | $19.00 | $29,070 | $10,175 | $18,895 |
| Voices from Bor | 1,350 | $20.50 | $27,675 | $9,686 | $17,989 |
| A Diaspora Reader | 1,495 | $23.50 | $35,133 | $12,297 | $22,836 |
| Young Scholars Workbook (Ed. 2025) | 1,420 | $14.95 | $21,229 | $7,430 | $13,799 |
| **Totals** | **24,980** | **—** | **$574,193** | **$196,344** | **$377,849** |

*Reconciliation: Title-level revenue of $574,193 differs from total revenue of $548,910 by ($25,283), 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) | $236,031 | 43.0% |
| Institutional / Schools / Libraries | $137,228 | 25.0% |
| International Wholesale | $109,782 | 20.0% |
| Amazon KDP | $43,913 | 8.0% |
| Ingram Spark & Merchandise | $21,956 | 4.0% |

# 4. Statement of Income (Profit & Loss)

For the Year Ended December 31, 2025

| Line Item | FY 2025 | FY 2024 |
|---|---|---|
| **REVENUE** | | |
| Book Sales — Print | $468,900 | |
| Book Sales — eBook | $58,200 | |
| Merchandise & Accessories | $5,910 | |
| Speaking, Licensing & Royalties Received | $15,900 | |
| **Total Revenue** | **$548,910** | **$412,850** |
| **COST OF GOODS SOLD** | | |
| Printing & Manufacturing | $128,420 | |
| Freight-In & Fulfillment | $34,210 | |
| Author Royalties Paid | $21,255 | |
| **Total COGS** | **$183,885** | **$144,498** |
| **GROSS PROFIT** | **$365,025** | **$268,352** |
| **OPERATING EXPENSES** | | |
| Editorial & Production (see §5) | $78,200 | |
| Marketing & Promotion | $54,800 | |
| Salaries, Wages & Contractors | $68,400 | |
| Occupancy & Overhead (see §6) | $24,860 | |
| Technology & Software | $10,420 | |
| Professional Fees (legal, accounting) | $7,185 | |
| Depreciation & Amortization | $2,340 | |
| **Total Operating Expenses** | **$246,205** | **$189,932** |
| **NET OPERATING INCOME** | **$118,820** | **$78,420** |
| Interest Income | $1,120 | |
| Interest Expense | ($3,860) | |
| **NET INCOME BEFORE TAX** | **$116,080** | **$74,180** |
| Pass-through to Members (S-Corp) | $116,080 | |

| Line Item | FY 2025 | FY 2024 |
|---|---|---|
| **NET INCOME** | **$116,080** | **$74,180** |

# 5. Detailed Expense Report

## Editorial & Production

| Sub-Category | Amount |
|---|---|
| Developmental & Copy Editing (contractors) | $28,200 |
| Proofreading | $8,600 |
| Cover Design & Illustration | $17,200 |
| Interior Layout & Typesetting | $11,200 |
| ISBN, Cataloging & Registration | $1,400 |
| Manuscript Review — Jury Panel Honoraria | $7,200 |
| Sample Prints, Proofs & Reviewer Copies | $4,400 |
| **Total** | **$78,200** |

## Marketing & Promotion

| Sub-Category | Amount |
|---|---|
| Digital Advertising (Meta, Google, TikTok) | $24,800 |
| Book Tour Travel & Events (US + UK) | $12,400 |
| Public Relations & Media Outreach | $6,200 |
| Content Production (video, photo) | $5,400 |
| Trade Shows & Book Fairs (incl. London) | $4,200 |
| Promotional Merchandise | $1,800 |
| **Total** | **$54,800** |

## Salaries, Wages & Contractors

| Role | Type | Amount |
|---|---|---|
| Founder / President (reasonable comp., S-Corp) | W-2 Salary | $36,000 |
| Managing Editor (Sr.) | Part-time W-2 | $14,400 |
| Managing Editor (Jr.) — added Q2 2025 | Part-time W-2 | $7,800 |
| Program Coordinator — Young Scholars (FT) | W-2 Salary | $6,600 |
| Social Media & Community Manager | 1099 Contractor | $2,400 |

| Role | Type | Amount |
|---|---|---|
| Payroll Taxes (Employer share) | — | $1,200 |
| **Total** | | **$68,400** |

*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) | $1,100 | $13,200 |
| Utilities (electric, gas, water) | $205 | $2,460 |
| Internet & Phone | $155 | $1,860 |
| Renters & Business Insurance | $110 | $1,320 |
| Warehousing / Inventory Storage | $260 | $3,120 |
| Repairs & Maintenance | $70 | $840 |
| Office Supplies & Consumables | $172 | $2,060 |
| **Total Occupancy & Overhead** | | **$24,860** |

## Technology & Software

| Vendor / Service | Purpose | Annual |
|---|---|---|
| Lovable Cloud + Supabase | Web platform, database, storage | $3,720 |
| Resend | Transactional & newsletter email | $960 |
| Adobe Creative Cloud | Design & layout | $780 |
| Google Workspace | Email, docs, storage | $660 |
| QuickBooks Online (Plus) | Accounting | $1,140 |
| Zoom, Slack, misc. SaaS | Collaboration | $980 |
| Domain, SSL, DNS | arialbeek.com | $220 |
| Mapbox, Tawk.to, AI Gateway | Site services | $1,960 |
| **Total Technology** | | **$10,420** |

## Professional Fees

| Service | Provider Type | Annual |
|---|---|---|
| Tax Preparation (Form 1120-S, K-1s) | CPA | $2,800 |
| Bookkeeping Review (quarterly) | CPA / EA | $2,100 |
| Legal — Contracts, IP & International | Attorney | $1,685 |

| Service | Provider Type | Annual |
|---|---|---|
| Registered Agent & State Filings | Corporate services | $600 |
| **Total Professional Fees** | | **$7,185** |

# 7. Statement of Financial Position (Balance Sheet)

As of December 31, 2025

| Line Item | FY 2025 | FY 2024 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash & Cash Equivalents | $168,240 | $92,410 |
| Accounts Receivable (net) | $28,420 | $18,640 |
| Inventory — Finished Books | $41,820 | $34,285 |
| Prepaid Expenses | $4,260 | $3,120 |
| **Total Current Assets** | **$242,740** | **$148,455** |
| **Non-Current Assets** | | |
| Equipment (net of depreciation) | $8,940 | $6,240 |
| Capitalized Cover Art & Master Files | $12,200 | $8,900 |
| **Total Non-Current Assets** | **$21,140** | **$15,140** |
| **TOTAL ASSETS** | **$263,880** | **$163,595** |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts Payable | $14,620 | $11,240 |
| Author Royalties Payable | $8,140 | $6,420 |
| Accrued Wages & Taxes | $4,280 | $3,110 |
| Sales Tax Payable | $3,120 | $2,180 |
| Current Portion of Long-Term Debt | $0 | $6,000 |
| **Total Current Liabilities** | **$30,160** | **$28,950** |
| **Long-Term Debt (SBA microloan)** | **$0** | **$34,000** |
| **TOTAL LIABILITIES** | **$30,160** | **$62,950** |
| **MEMBERS' EQUITY** | | |
| Capital Contributions | $25,000 | $25,000 |
| Retained Earnings | $208,720 | $75,645 |
| **Total Members' Equity** | **$233,720** | **$100,645** |

| Line Item | FY 2025 | FY 2024 |
|---|---|---|
| **TOTAL LIABILITIES & EQUITY** | **$263,880** | **$163,595** |

# 8. Statement of Cash Flows

For the Year Ended December 31, 2025 • Indirect method

| Line Item | FY 2025 |
|---|---|
| **OPERATING ACTIVITIES** | |
| Net Income | $116,080 |
| Depreciation & Amortization | $2,340 |
| (Increase)/Decrease in Accounts Receivable | ($9,780) |
| (Increase)/Decrease in Inventory | ($7,535) |
| (Increase)/Decrease in Prepaid Expenses | ($1,140) |
| Increase in Accounts Payable | $3,380 |
| Increase in Royalties Payable | $1,720 |
| Increase in Accrued Wages & Taxes | $1,170 |
| Increase in Sales Tax Payable | $940 |
| **Net Cash from Operating Activities** | **$107,175** |
| **INVESTING ACTIVITIES** | |
| Purchase of Equipment | ($4,200) |
| Capitalized Cover Art & Master Files | ($5,900) |
| **Net Cash used in Investing Activities** | **($10,100)** |
| **FINANCING ACTIVITIES** | |
| Repayment of Long-Term Debt | ($40,000) |
| Distributions to Members | ($28,720) |
| **Net Cash from/(used in) Financing Activities** | **($68,720)** |
| **NET INCREASE/(DECREASE) IN CASH** | **$28,355** |
| **Cash — Beginning of Year** | **$92,410** |
| **Cash — End of Year** | **$120,765** |

# 9. Statement of Changes in Members' Equity

| | Capital | Retained Earnings | Total |
|---|---|---|---|
| Balance, January 1, 2025 | $25,000 | $75,645 | $100,645 |
| Net Income | — | $116,080 | $116,080 |
| Distributions to Members | — | ($28,720) | ($28,720) |
| Members' Draws — Owner Health Reimb. | — | ($1,240) | ($1,240) |
| **Balance, December 31, 2025** | **$25,000** | **$208,720** | **$233,720** |

# 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 | $116,080 |
| Add: Federal income tax (S-Corp — none at entity level) | $0 |
| Add: Expenses recorded on books not deducted on return (50% of meals $1,360 × 50%) | $680 |
| **Subtotal** | **$116,760** |
| 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)** | **$116,760** |

# 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, 2025, 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 $1,420 (2024: $940). No single customer represents more than 10% of receivables.

## Note 5 — Inventory

Inventory of $41,820 comprises finished books held at the Company's Grand Rapids facility ($26,200) and at Ingram Spark warehouse locations ($15,620). 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, 2025 is $0, of which $0 is classified as current. Interest expense for the year was $3,860.

## 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 $36,000 (deemed reasonable per Rev. Rul. 74-44), member distributions of $28,720, and reimbursement of $1,240 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 12, 2026, the date these statements were issued, and identified no matters requiring adjustment or disclosure other than the launch of the 2026 Young Scholars Workbook in February 2026 and the opening of a small satellite editorial office in Nairobi in March 2026.

# 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, 2025 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 2025.

_____ _____

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.*