

Return of Organization Exempt From Income Tax

Department of the Treasury Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2005 calendar year, or tax year beginning and ending

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: THE SYSTEM DYNAMICS SOCIETY, INC. C/O ALEXANDER L. PUGH, III. D Employer identification number: 22-2738769. E Telephone number: (518) 442-3865. F Accounting method: [X] Cash [] Accrual.

G Website: WWW.SYSTEMDYNAMICS.ORG. H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? [] Yes [X] No. H(b) If "Yes," enter number of affiliates: N/A. H(c) Are all affiliates included? N/A [] Yes [] No. H(d) Is this a separate return filed by an organization covered by a group ruling? [] Yes [X] No.

J Organization type (check only one) [X] 501(c) (3) (insert no) [] 4947(a)(1) or [] 527. K Check here [] if the organization's gross receipts are normally not more than \$25,000.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 441,921.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Table with 21 rows and 4 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6 Gross rents; 7 Other investment income; 8 Gross amount from sales of assets other than inventory; 9 Special events and activities; 10 Gross sales of inventory, less returns and allowances; 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or deficit for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

SCANNED SEP 22 2005

RECEIVED SEP 12 2005 IRS-06

THE SYSTEM DYNAMICS SOCIETY, INC.
C/O ALEXANDER L. PUGH, III

Form 990 (2005)

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Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ <u>0.</u> noncash \$ <u>0.</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc	25	0.	0.	0.
26 Other salaries and wages	26			
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29			
30 Professional fundraising fees	30			
31 Accounting fees	31	4,525.	4,525.	
32 Legal fees	32			
33 Supplies	33	1,971.	1,971.	
34 Telephone	34			
35 Postage and shipping	35			
36 Occupancy	36			
37 Equipment rental and maintenance	37			
38 Printing and publications	38	17,152.	17,152.	
39 Travel	39	7,748.	7,748.	
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation, depletion, etc (attach schedule)	42	697.	697.	
43 Other expenses not covered above (itemize)				
a	43a			
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g SEE STATEMENT 1	43g	303,466.	183,453.	120,013.
44 Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	335,559.	208,353.	127,206.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?

Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ; (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

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Part III Statement of Program Service Accomplishments (See the instructions)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? PROMOTION OF SYSTEMS DYNAMICS FIELD	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a GENERAL SERVICES TO MEMBERS, INCLUDING MEMBERSHIP, JOURNAL MAILINGS AND CONFERENCE FEES.	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	164,675.
b DONATION TO ROCKEFELLER COLLEGE FOR OFFICE RENOVATIONS	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	25,000.
c PUBLICATION OF SYSTEMS DYNAMICS MEMBERSHIP DIRECTORY	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	17,152.
d MAILINGS OF PROGRAM INFORMATION AND ITEMS FOR RESALE	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	1,526.
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	208,353.
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Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing	93,450.	45 114,179.
	46 Savings and temporary cash investments	311,313.	46 62,981.
	47 a Accounts receivable	47a	
	b Less: allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees		50
	51 a Other notes and loans receivable	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53
	54 Investments - securities STMT 2 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	35,481.	54 380,414.
	55 a Investments - land, buildings, and equipment basis	55a	
b Less accumulated depreciation	55b	55c	
56 Investments - other		56	
57 a Land, buildings, and equipment basis	57a 11,045.		
b Less accumulated depreciation STMT 3	57b 10,690.	57c 1,052.	
58 Other assets (describe <input type="checkbox"/>)		58 355.	
59 Total assets (must equal line 74) Add lines 45 through 58	441,296.	59 557,929.	
Liabilities	60 Accounts payable and accrued expenses		60
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
65 Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 4)	18,979.	65 29,250.	
66 Total liabilities. Add lines 60 through 65)	18,979.	66 29,250.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted	391,475.	67 462,151.
	68 Temporarily restricted		68
	69 Permanently restricted	30,842.	69 66,528.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds		70
	71 Paid-in or capital surplus, or land, building, and equipment fund		71
	72 Retained earnings, endowment, accumulated income, or other funds		72
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	422,317.	73 528,679.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	441,296.	74 557,929.	

THE SYSTEM DYNAMICS SOCIETY, INC.
C/O ALEXANDER L. PUGH, III

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Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		
	82b N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	N/A		
85	501(c)(4), (5), or (6) organizations		
a	Were substantially all dues nondeductible by members?		
	N/A		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
	N/A		
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members		
	85c N/A		
d	Section 162(e) lobbying and political expenditures		
	85d N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
	85e N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
	85f N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	N/A		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
	N/A		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		
	86a N/A		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		
	87a N/A		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
	87b N/A		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under section 4911 ▶ 0.; section 4912 ▶ 0.; section 4955 ▶ 0.		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0.		
90 a	List the states with which a copy of this return is filed ▶ MA		
b	Number of employees employed in the pay period that includes March 12, 2005	90b	0
91 a	The books are in care of ▶ ROBERTA SPENCER, EXECUTIVE DIRECTOR Telephone no. ▶ 518-442-3865 Located at ▶ UNIVERSITY AT ALBANY, SUNY, ALBANY, NY ZIP + 4 ▶ 12222		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ N/A See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶ N/A	91c	X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		
			N/A

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Part VII Analysis of Income-Producing Activities (See the instructions)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue					
a CONFERENCES					146,964.
b RESALE OF RESEARCH					88,222.
c PUBLICATIONS					10,999.
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					109,541.
95 Interest on savings and temporary cash investments			14	11,257.	
96 Dividends and interest from securities			14		
97 Net rental income or (loss) from real estate.					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue.					
a UNREAL GAIN ON INVEST			01	4,861.	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		16,118.	355,726.
105 Total (add line 104, columns (B), (D), and (E))					371,844.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
94	MEMBERSHIP DUES GENERALLY COVER COST OF SERVICE TO MEMBERS
93	TEACHING TOOLS ARE OUTGROWTH OF ORG. PROMOTION OF SYS. DYNAMICS FIELD

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions)

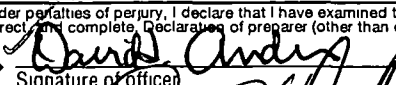
(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

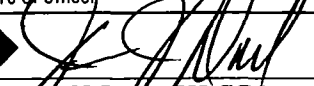
Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here:  Signature of officer Date: 8/16/06 Type or print name and title: David Anderson, VP Finance

Paid Preparer's Use Only: Preparer's signature:  Date: 08/17/06 Check if self-employed: Preparer's SSN or PTIN: P00031651

Firm's name (or yours if self-employed), address, and ZIP + 4: HALL, VASIL & DOWD, CPA'S
30 CHURCH STREET, SUITE 310
BELMONT, MA 02478-4987

EIN: Phone no.: (617) 484-0000

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

2005

Name of the organization **THE SYSTEM DYNAMICS SOCIETY, INC.
C/O ALEXANDER L. PUGH, III** Employer identification number **22 2738769**

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000 ▶	0			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶	0	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶	0	

Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e	Transfer of any part of its income or assets?		X
3 a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		X
b	Do you have a section 403(b) annuity plan for your employees?		X
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		X
4 a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

- The organization is not a private foundation because it is: (Please check only ONE applicable box.)
- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
 - 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
 - 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
 - 8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
 - 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ► _____
 - 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
 - 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
 - 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
 - 12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
 - 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: Type 1 Type 2 Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

THE SYSTEM DYNAMICS SOCIETY, INC.

Schedule A (Form 990 or 990-EZ) 2005

C/O ALEXANDER L. PUGH, III

22-2738769

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Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting.
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	63,718.	38,445.	19,519.	29,660.	151,342.
16 Membership fees received	49,666.	27,340.	24,130.	22,626.	123,762.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	327,598.	176,967.	146,711.	277,458.	928,734.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	3,443.	1,727.	2,585.	8,631.	16,386.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	444,425.	244,479.	192,945.	338,375.	1,220,224.
24 Line 23 minus line 17	116,827.	67,512.	46,234.	60,917.	291,490.
25 Enter 1% of line 23	4,444.	2,445.	1,929.	3,384.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a N/A
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b N/A
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c N/A
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					26d N/A
e Public support (line 26c minus line 26d total)					26e N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f N/A %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2004) 0. (2003) 0. (2002) 0. (2001) 0.					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2004) 0. (2003) 0. (2002) 0. (2001) 0.					
c Add: Amounts from column (e) for lines: 15 151,342. 16 123,762. 17 928,734. 20 _____ 21 _____					27c 1,203,838.
d Add: Line 27a total 0. and line 27b total 0.					27d 0.
e Public support (line 27c total minus line 27d total)					27e 1,203,838.
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) 27f 1,220,224.					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g 98.6571%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h 1.3429%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

NONE

Part V Private School Questionnaire (See page 7 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		

32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)	32d	

33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	

34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

THE SYSTEM DYNAMICS SOCIETY, INC.

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations												
		N/A													
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36													
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37													
38	Total lobbying expenditures (add lines 36 and 37)	38													
39	Other exempt purpose expenditures	39													
40	Total exempt purpose expenditures (add lines 38 and 39)	40													
41	Lobbying nontaxable amount. Enter the amount from the following table -														
	<table border="0"> <tr> <td>If the amount on line 40 is -</td> <td>The lobbying nontaxable amount is -</td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	If the amount on line 40 is -	The lobbying nontaxable amount is -	Not over \$500,000	20% of the amount on line 40	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000	41	
If the amount on line 40 is -	The lobbying nontaxable amount is -														
Not over \$500,000	20% of the amount on line 40														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
42	Grassroots nontaxable amount (enter 25% of line 41)	42													
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43													
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44													

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
	a Volunteers		
b Paid staff or management (Include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h.)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash

(ii) Other assets

b Other transactions:

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

Table with 3 columns: Question, Yes, No. Rows include 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), and c. All 'No' boxes are checked (X).

N/A

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. The table is currently empty.

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No (X) No

b If "Yes," complete the following schedule: N/A

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. The table is currently empty.

2005 DEPRECIATION AND AMORTIZATION REPORT
 FORM 990 PAGE 2
 990

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
	MACHINERY & EQUIPMENT											
1	COMPUTER EQUIPMENT	0101197200	DB5.00	17		2,411.			2,411.	2,411.		0.
2	COMPUTER EQUIPMENT	042899200	DB5.00	17		446.			446.	446.		0.
3	EQUIPMENT	063000200	DB5.00	17		3,659.			3,659.	3,450.		209.
4	COMPUTER EQUIPMENT	012301200	DB5.00	17		1,637.			1,637.	1,354.		189.
5	COMPUTER EQUIPMENT	053001200	DB5.00	17		1,630.			1,630.	1,349.		188.
6	COMPUTER MONITOR	081302200	DB5.00	17		612.		184.	428.	305.		49.
7	HP PRINTER	051303200	DB5.00	17		650.		325.	325.	169.		62.
	* 990 PAGE 2 TOTAL											
	MACHINERY & EQUIPMENT					11,045.		509.	10,536.	9,484.	0.	697.
	* GRAND TOTAL 990 PAGE 2 DEPR					11,045.		509.	10,536.	9,484.	0.	697.

528102 01-08-08 (D) - Asset disposed * ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

FORM 990	OTHER EXPENSES			STATEMENT 1
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
ADMINISTRATION	207,855.	103,928.	103,927.	
BANK FEES	12,100.		12,100.	
GRANT	5,494.	5,494.		
MEMBERSHIP MAILINGS AND SUBSIDIES	1,526.	1,526.		
BOOKKEEPING SERVICES	3,986.		3,986.	
PROFESSIONAL FEES	47,505.	47,505.		
DONATIONS	25,000.	25,000.		
TOTAL TO FM 990, LN 43	303,466.	183,453.	120,013.	

FORM 990	NON-GOVERNMENT SECURITIES			STATEMENT 2	
SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
STOCK & STOCK MUTUAL FUND	FMV	380,414.			380,414.
TO FORM 990, LINE 54, COL B		380,414.			380,414.

FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT			STATEMENT 3
DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	
COMPUTER EQUIPMENT	2,411.	2,411.		0.
COMPUTER EQUIPMENT	446.	446.		0.
EQUIPMENT	3,659.	3,659.		0.
COMPUTER EQUIPMENT	1,637.	1,543.		94.
COMPUTER EQUIPMENT	1,630.	1,537.		93.
COMPUTER MONITOR	612.	538.		74.
HP PRINTER	650.	556.		94.
TOTAL TO FORM 990, PART IV, LN 57	11,045.	10,690.		355.

FORM 990	OTHER LIABILITIES	STATEMENT	4
DESCRIPTION		AMOUNT	
CONFERENCE SCHOLARSHIP AWARDS PAYABLE		1,060.	
PREPAID TRAVEL		0.	
MEMBERSHIP SUBSCRIPTIONS PAYABLE		23,190.	
ROYALTY PAYABLE		5,000.	
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B		29,250.	

FORM 990 PART V-A - LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 5

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
ROBERT L. EBERLEIN VENTANA SYSTEMS, INC. WAYLAND, MA	PAST-PRESIDENT 0.00	0.	0.	0.
DAVID W. PACKER SYSTEMS THINKING COLLABORATIVE BEDFORD, MA	SECRETARY 0.00	0.	0.	0.
GRAHAM W. WINCH UNIVERSITY OF PLYMOUTH PLYMOUTH, UK	PRESIDENT 0.00	0.	0.	0.
JAY W. FORRESTER MASSACHUSETTS INSTITUTE OF TECH CAMBRIDGE, MA	FOUNDING PRESIDENT 0.00	0.	0.	0.
DAVID F. ANDERSEN UNIVERSITY OF ALBANY ALBANY, NY 12222	VP FINANCE 0.00	0.	0.	0.
HENK A. AKKERMANS TILBURG UNIVERSITY PO BOX 90153 5000 LE TILBURG TILBURG, THE NETHERLANDS	POLICY COUNCIL 0.00	0.	0.	0.
GINNY WILEY PEGASUS COMMUNICATIONS WALTHAM, MA	VP MBR/CHAPTER ACTIVITIES 0.00	0.	0.	0.

ROBERT Y. CAVANA VICTORIA UNIVERSITY OF WELLINGTON WELLINGTON, NEW ZEALAND	VP AT LARGE 0.00	0.	0.	0.
JAMES M. LYNEIS WORCESTER POLYTECHNIC INSTITUTE WORCESTER, MA	VP MEETINGS 0.00	0.	0.	0.
MICHAEL J. RADZICKI UNIVERSITY OF PLYMOUTH PLYMOUTH, UK	PRESIDENT, ELECT 0.00	0.	0.	0.
DEBORAH LINES ANDERSEN UNIVERSITY AT ALBANY, 135 WESTERN AVENUE ALBANY, NY 12222	VP PUBLICATIONS 0.00	0.	0.	0.
BRIAN C. DANGERFIELD UNIVERSITY OF SALFORD SALFORD, UK	SYSTEMS DYNAMICS REVIEW 0.00	0.	0.	0.
ALLEN L. BOORSTEIN AMBER BLOCKS LTD. 535 PARK AVENUE STE 4A NEW YORK, NEW YORK 10021-8167	POLICY COUNCIL 0.00	0.	0.	0.
DEBORAH CAMPBELL 1569 VIREO AVENUE SUNNYVALE, CA 94087	POLICY COUNCIL 0.00	0.	0.	0.
DAVID R. EXELBY HVR CONSULTING SERVICES LTD. SELBORNE HOUSE MILL LANE ALTON HAMPSHIRE GU34 2QJ UK	POLICY COUNCIL 0.00	0.	0.	0.
TIM HASLETT 1/164 HIGHETT STREET RICHMOND 3121 VICTORIA AUSTRALIA	POLICY COUNCIL 0.00	0.	0.	0.
SCOTT T. JOHNSON BP 501 WESTLAKE PARK BLVD MC 21 128 HOUSTON, TX 77253	POLICY COUNCIL 0.00	0.	0.	0.
DAVID C. LANE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE HOUGHTON STREET LONDON WC2A 2AE UK	POLICY COUNCIL 0.00	0.	0.	0.
GIANLIBORIO G. MARRONE VIA GIOIAMIA 12 90134 PALERMO ITALY	POLICY COUNCIL 0.00	0.	0.	0.

J. BRADLEY J. MORRISON 19 FOX RUN ROAD BEDFORD, MA 01730	POLICY COUNCIL 0.00	0.	0.	0.
SCOTT F. ROCKART DUKE UNIVERSITY FUQUA SCHOOL OF BUSINESS BOX 90120 DURHAM, NC 27708	POLICY COUNCIL 0.00	0.	0.	0.
ETIENNE A.J.A. ROUWETTE RADBOD UNIVERSITY NIJMEGEN TH VAN AQUINOSTRAAT 5.0.64 PO BOX 9108 6500 HK NIJMEGEN, THE NETHERLANDS	POLICY COUNCIL 0.00	0.	0.	0.
JAMES P. THOMPSON CIGNA HEALTH CARE 900 COTTAGE GROVE ROAD A142 HARTFORD, CT 06152	POLICY COUNCIL 0.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		<u>0.</u>	<u>0.</u>	<u>0.</u>