

SYSTEM DYNAMICS SOCIETY, INC.
FINANCIAL REPORT
DECEMBER 31, 2021 AND 2020

SYSTEM DYNAMICS SOCIETY, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5-6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-14



BUSINESS
ADVISORS
AND CPAS

Policy Council
System Dynamics Society, Inc.

Opinion

We have audited the financial statements of System Dynamics Society, Inc., (SDS) (a Massachusetts not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of System Dynamics Society, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SDS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The 2020 financial statements were reviewed by Marvin & Company, P.C., who merged with Mengel, Metzger, Barr & Co. LLP as of January 1, 2023, and whose report dated April 22, 2021 stated they were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting standards generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide for a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SDS' ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about SDS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
September 6, 2023

SYSTEM DYNAMICS SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u> <u>Audited</u>	<u>2020</u> <u>Reviewed</u>
Current Assets		
Cash and cash equivalents	\$ 222,237	162,689
Investments	760,062	714,786
Accounts receivable		
Publications	59,666	57,337
Other	5,338	1,040
Inventory	3,820	3,000
Prepaid expenses	7,691	1,962
Total Current Assets	<u>1,058,814</u>	<u>940,814</u>
Other Assets		
Investments-restricted	<u>343,841</u>	<u>270,826</u>
TOTAL ASSETS	<u><u>\$ 1,402,655</u></u>	<u><u>\$ 1,211,640</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 24,722	38,713
Deferred revenue		
Conferences	4,500	1,500
Membership dues	20,400	40,275
Other	3,500	2,325
Custodial account liability	3,555	3,720
Total Current Liabilities	<u>56,677</u>	<u>86,533</u>
Net Assets		
Without donor restrictions		
Board designated	981,437	854,281
Total without donor restrictions	<u>981,437</u>	<u>854,281</u>
With donor restrictions	364,541	270,826
Total Net Assets	<u>1,345,978</u>	<u>1,125,107</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,402,655</u></u>	<u><u>\$ 1,211,640</u></u>

See accompanying notes to financial statements.

SYSTEM DYNAMICS SOCIETY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u> <u>Audited</u>	<u>2020</u> <u>Reviewed</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenues		
Conferences	\$ 194,219	\$ 250,818
Publications		
Revenue	65,132	62,180
Contribution	23,248	23,000
Total Publications	<u>88,380</u>	<u>85,180</u>
Membership dues and subscriptions	110,112	80,020
Educational products, net	35,397	1,676
Contributions	43,468	50,669
Investment income, net	98,542	108,870
Net assets released from restrictions	4,000	6,350
Total Support and Revenues	<u>574,118</u>	<u>583,583</u>
Expenses		
Awards	10,188	4,235
Bank and credit card fees	15,572	14,575
Chapter development	2,189	3,794
Contract - University of New York at Albany	-	8,817
Conferences	7,053	21,069
Insurance	3,487	2,165
Publications	29,519	43,775
Marketing	32,325	15,824
Office expenses	17,354	15,305
Travel and training	10	2,435
Professional fees and consultants	188,657	224,139
Personnel services	125,309	100,200
Miscellaneous	15,299	2,048
Depreciation expense	-	192
Total Expenses	<u>446,962</u>	<u>458,573</u>
Change in Net Assets Without Donor Restrictions	<u>127,156</u>	<u>125,010</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Support and Revenues		
Contributions	20,700	-
Investment income, net	77,015	42,699
Net assets released from restrictions	<u>(4,000)</u>	<u>(6,350)</u>
Change in Net Assets With Donor Restrictions	<u>93,715</u>	<u>36,349</u>
Change in Net Assets	220,871	161,359
Net Assets, Beginning of Year	<u>1,125,107</u>	<u>963,748</u>
Net Assets, End of Year	<u><u>\$ 1,345,978</u></u>	<u><u>\$ 1,125,107</u></u>

See accompanying notes to financial statements.

SYSTEM DYNAMICS SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (AUDITED)

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>		
	<u>System Dynamics</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total</u>
Awards	\$ 10,188	\$ -	\$ -	\$ 10,188
Bank and credit card fees	13,221	2,351	-	15,572
Chapter development	2,189	-	-	2,189
Conferences	7,053	-	-	7,053
Insurance	-	3,487	-	3,487
Publications	29,519	-	-	29,519
Marketing	31,141	1,094	90	32,325
Office expenses	6,766	10,574	14	17,354
Travel and training	10	-	-	10
Professional fees and consultants	147,344	37,493	3,820	188,657
Personnel services	94,147	26,120	5,042	125,309
Miscellaneous	2,135	501	12,663	15,299
Total Expenses	<u>\$ 343,713</u>	<u>\$ 81,620</u>	<u>\$ 21,629</u>	<u>\$ 446,962</u>

See accompanying notes to financial statements.

SYSTEM DYNAMICS SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (REVIEWED)

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>		
	<u>System Dynamics</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total</u>
Awards	\$ 4,000	\$ -	\$ 235	\$ 4,235
Bank and credit card fees	8,693	1,184	4,698	14,575
Chapter development	-	3,794	-	3,794
Contract - University of New York at Albany	-	8,817	-	8,817
Conferences	21,069	-	-	21,069
Insurance	-	2,165	-	2,165
Publications	43,775	-	-	43,775
Marketing	11,918	3,906	-	15,824
Office expenses	6,163	9,058	84	15,305
Travel and training	291	2,144	-	2,435
Professional fees and consultants	152,465	45,605	26,069	224,139
Personnel services	84,502	14,028	1,670	100,200
Miscellaneous	2,048	-	-	2,048
Depreciation expense	-	192	-	192
Total Expenses	<u>\$ 334,924</u>	<u>\$ 90,893</u>	<u>\$ 32,756</u>	<u>\$ 458,573</u>

See accompanying notes to financial statements.

SYSTEM DYNAMICS SOCIETY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u> <u>Audited</u>	<u>2020</u> <u>Reviewed</u>
Cash Flows Provided By Operating Activities		
Change in net assets	\$ 220,871	\$ 161,359
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net gain on investments	(157,925)	(140,157)
Depreciation expense	-	192
Change in operating assets and liabilities		
Accounts receivable	(6,627)	12,640
Inventory	(820)	11,227
Prepaid expenses	(5,729)	10,097
Accounts payable and accrued expenses	(13,991)	30,216
Deferred revenue	(15,700)	(5,239)
Custodial account liability	(165)	(605)
Net Cash Provided By Operating Activities	<u>19,914</u>	<u>79,730</u>
Cash Flows Provided (Used) By Investing Activities		
Proceeds from sales of investments	299,720	675,853
Purchases of investments	<u>(260,086)</u>	<u>(677,668)</u>
Net Cash Provided (Used) By Investing Activities	<u>39,634</u>	<u>(1,815)</u>
Net Increase in Cash and Cash Equivalents	59,548	77,915
Cash and Cash Equivalents, Beginning of Year	<u>162,689</u>	<u>84,774</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 222,237</u></u>	<u><u>\$ 162,689</u></u>

See accompanying notes to financial statements.

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

System Dynamics Society, Inc. (SDS) was incorporated in the State of Massachusetts in November 1985. SDS is a not-for-profit organization devoted to encouraging the development and use of system dynamics and systems thinking around the world. System dynamics is a computer-aided approach to policy analysis and design. SDS provides a forum in which researchers, educators, consultants, and practitioners in the corporate and public sectors interact to introduce newcomers to the field, keep abreast of current developments, and build on each other's work. SDS is primarily supported through conference revenue and investment income.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). SDS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor-imposed restrictions on the use of net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ.

Income Taxes

SDS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, is classified as an organization that is not a private foundation and qualifies for the charitable contribution deduction for individual donors. Management believes there are no sources of unrelated business taxable income and no uncertain tax positions, and no provision for income taxes has been made in the accompanying financial statements. SDS is required to file Federal Form 990 "Return of Organization Exempt from Income Tax" with the Internal Revenue Service, and similar information returns with certain states.

Revenue Recognition

Conference Revenue

SDS receives revenue for conferences held and recognizes this revenue at a point in time when the conference has taken place. Conference payments received in advance are recorded as deferred revenue. Due to the timing of the performance and/or transfer of services, substantially all deferred revenue at December 31 of each year is recognized in the following year.

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Publications

Publication revenue is based on an annual contract covering the period January 1 to December 31 and includes a royalty based on the publishers' volume of sales revenue and a contribution for use at SDS' sole discretion to support expenses of the editorial office. The royalty is recorded at a point in time when the customer determines the promised service (i.e. final volume of sales). The earned royalty for the year ending December 31 is typically not received until the following April and is included as accounts receivable on the statements of financial position.

The contribution is considered a non-exchange transaction and is reported as an increase in net assets without donor restrictions as allowable expenditures are incurred.

Membership Dues

Membership dues, which are nonrefundable, are recognized over the one-year membership period ending December 31. Membership dues paid in advance are deferred to the following membership period to which they relate.

Deferred Revenue

Revenue recognized for the years ended December 31, 2021 and 2020 that was included in deferred revenue at the beginning of each year was \$44,100 and \$49,339, respectively.

Contributions and Investment Income

Contributions and investment income are recorded as without donor restrictions or with donor restrictions depending on the existence of donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional contributions are not recorded as revenue until the conditions on which they depend have been met. Conditions and/or restrictions imposed that are met in the same year they are received are included in net assets without donor restrictions.

Contributed Services

SDS generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform tasks that assist SDS with its activities. This volunteer time is not recognized in the financial statements.

Cash and Cash Equivalents

SDS defines cash and cash equivalents as amounts readily convertible into cash and includes deposit accounts with banks and money market accounts with investment companies.

Concentration of Credit Risk

Financial instruments that potentially subject SDS to concentrations of credit risk consist principally of cash accounts in financial institutions which, from time to time, may exceed the Federal depository insurance coverage limit of \$250,000. No amounts exceeded federally

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk

insured limits at December 31, 2021 and 2020.

Investments

Investments consist of exchange traded products (principally equity and fixed income products) and mutual funds (equity funds) which are carried at fair value. Fair value is determined based on quoted market prices. Investment gains and losses are recognized in the statements of activities. Investment income is reported as an increase in net assets without donor restrictions unless a donor or law restricts its use.

Accounts Receivable

Management has concluded all accounts receivable will be collected and that no allowance is necessary at December 31, 2021 and 2020.

Inventory

Inventory is stated at the lower of FIFO (first-in, first-out method) cost and net realizable value.

Property and Equipment

Property and equipment are recorded at cost at date of acquisition or estimated fair value at date of donation. SDS' policy is to capitalize property and equipment with a unit value equal to or greater than \$1,000 and a useful life greater than one year. Depreciation is computed under the straight-line method over the estimated useful lives of property and equipment (3 years).

Marketing

Marketing costs are expensed as incurred.

2. UNIVERSITY OF NEW YORK AT ALBANY/CAPITOL HILL MANAGEMENT SERVICES

SDS had a contract with the University of New York at Albany (University) for administrative support services that ended during 2020 and included sharing common facilities, personnel services, and the use of property and equipment owned by the University. SDS incurred \$8,817 in costs for support services during the year ended December 31, 2020. There were no amounts receivable from or payable to the University at December 31, 2020.

SDS retained Capitol Hill Management Services, Inc. (CHMS) to provide financial management, administrative support, and other services through December 31, 2020. This included sharing common facilities, personnel services, and the use of property and equipment owned or rented by

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

2. UNIVERSITY OF NEW YORK AT ALBANY/CAPITOL HILL MANAGEMENT SERVICES

CHMS. SDS incurred \$153,701 in costs for these services during the year ended December 31, 2020. These costs are included in professional fees and consultants expense on the respective statement of activities. There were no amounts receivable from or payable to CHMS at December 31, 2020. There were no prepaid contract costs at December 31, 2020.

3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY OF RESOURCES

SDS regularly monitors liquidity required to meet the operating needs of the organization. For purposes of analyzing resources available to meet general expenditures over a 12 month period, SDS considers all expenditures related to its ongoing activities of providing benefits to its members and takes this into consideration during the annual budget process. SDS has reserve funds that are invested for long term appreciation but are available and may be spent at the discretion of the Policy Council. In cases when expenses exceed the income for a period of time, the Policy Council will assess and make the determination if it is necessary to withdraw funds from investment reserves for operating expenses.

The following table reflects SDS' financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of external restrictions or internal board designations.

	<u>2021</u> <u>Audited</u>	<u>2020</u> <u>Reviewed</u>
Cash and cash equivalents	\$ 222,237	\$ 162,689
Accounts receivable	65,004	58,377
Investments	<u>1,103,903</u>	<u>985,612</u>
Total Financial Assets	1,391,144	1,206,678
Net assets with donor restrictions	(364,541)	(270,826)
Board designated net assets	<u>(981,437)</u>	<u>(854,281)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 45,166</u>	<u>\$ 81,571</u>

As part of its liquidity management, SDS has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. SDS has a goal to maintain financial assets to meet 60 days of normal operating expenses, and SDS reserves cash and investments in excess of those requirements with a goal of building investments available for current use to \$1,500,000 by 2025.

SDS was able to manage revenues and expenses throughout the pandemic so that there were no draws against reserves during 2020 or 2021. In addition, SDS has board-designated funds that can be drawn upon during the year for specific operational expenses. Most expenditures from

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY OF RESOURCES

these funds are approved by an appointed committee, and the targeted spending rate on each designated fund is no more than 5% in a given year. Although SDS does not intend to spend from its board-designated funds for operating expenses, other than amounts appropriated for specific expenditures as part of its normal committee review and awarding process, amounts from its board-designated funds could be made available if necessary.

4. INVESTMENTS

A summary of investments at December 31, 2021 and 2020 is set forth below:

	2021		2020	
	<u>Audited</u>		<u>Reviewed</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair</u>
Exchange traded products:				
Equity	\$ 72,219	\$ 94,712	\$ 161,851	\$ 202,498
Fixed income	122,109	122,799	36,074	37,311
Other	53,881	62,665	57,269	72,728
	<u>248,209</u>	<u>280,176</u>	<u>255,194</u>	<u>312,537</u>
Mutual funds	305,501	823,727	296,497	673,075
	<u>\$ 553,710</u>	<u>\$ 1,103,903</u>	<u>\$ 551,691</u>	<u>\$ 985,612</u>

Net investment income for the years ending December 31, 2021 and 2020 consists of:

	2021	2020
	<u>Audited</u>	<u>Reviewed</u>
Interest and dividends	\$ 20,245	\$ 13,626
Net gain on investments	157,925	140,157
Investment fees	(2,613)	(2,214)
	<u>\$ 175,557</u>	<u>\$ 151,569</u>

5. FUNCTIONAL REPORTING OF EXPENSES

SDS is required to present its expenses by functional classification, which shows the amount spent for program and supporting services. Expenses that can be specifically identified as a program or supporting service are charged directly to the respective program or supporting service. The statement of functional expenses reports certain categories of expenses that are attributable to more than one program or supporting service (i.e. common to both functions). These expenses are allocated. The expenses that are allocated include bank and credit card fees, which are allocated based on income, and marketing, office expenses, professional fees and consultants, personnel services and miscellaneous, which are allocated based on estimates of time and effort.

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

6. NET ASSETS

Net Assets Without Donor Restrictions - Board Designated

Net assets have been designated by the Policy Council for the following purposes at December 31, 2021 and 2020:

	2021	2020
	<u>Audited</u>	<u>Reviewed</u>
Capital reserve	\$ 545,000	\$ 420,181
Legacy campaign	17,437	30,100
Buffer funds	115,000	100,000
Chapter development	200,000	200,000
Jay Wright Forrester Award	104,000	104,000
	<u>\$ 981,437</u>	<u>\$ 854,281</u>

Net Assets With Donor Restrictions

The significant restriction on net assets relates to funds established to honor the late Dana Meadows and encourage the next generation of students in the field of system dynamics. Net assets with donor restrictions available to fund the Dana Meadows Award are summarized as follows:

	2021	2020
	<u>Audited</u>	<u>Reviewed</u>
Beginning balance	\$ 270,826	\$ 234,477
Investment income	77,015	42,699
Releases	(4,000)	(6,350)
Ending balance	<u>\$ 343,841</u>	<u>\$ 270,826</u>

Additionally, there were net assets with donor restrictions for SDS' stewardship program totaling \$20,700 at December 31, 2021.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

SYSTEM DYNAMICS SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair value of assets measured on a recurring basis at December 31, 2021 and 2020 using Level 1 inputs, follows:

	2021 <u>Audited</u>	2020 <u>Reviewed</u>
Cash equivalents	\$ 63,290	\$ 10,030
Investments		
U.S. stocks	832,144	663,015
Non U.S. stocks	86,295	212,557
U.S. Treasury notes	122,799	37,311
Other	62,665	72,729
Total Investments	<u>1,103,903</u>	<u>985,612</u>
	<u><u>\$ 1,167,193</u></u>	<u><u>\$ 995,642</u></u>

Cash, accounts receivable and current liabilities - carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

8. RISKS AND UNCERTAINTIES

Investments are exposed to risks, such as interest rate, market and credit risks. Due to these risks, it is at least reasonably possible that changes in the near term would materially affect the amounts reported in the statements of financial position and activities.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 6, 2023, the date on which the financial statements were available to be issued, and determined there were no subsequent events that require recording or disclosure.