SELF-DEALING COMPLIANCE POLICY (§4941)

Inner Planets Terraforming Foundation Corporation

Adopted: 25 July 2026, by resolution of the Board of Directors (Resolution 2026-OM-3).

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1. Purpose and authority

This Self-Dealing Compliance Policy ("Policy") implements the Foundation's compliance with Internal Revenue Code §4941 (the self-dealing rules applicable to private foundations) and Treasury Regulations §§53.4941(a)-1 through 53.4941(e)-1. It provides:

the operational definition of "disqualified person" under §4946 as applied to this Foundation;

a comprehensive identification of the six categories of transactions prohibited by §4941(d)(1) and the narrow exceptions of §4941(d)(2);

the review procedures that must be followed before the Foundation enters into any transaction involving a disqualified person;

annual disqualified-person list maintenance and self-dealing audit procedures; and

the penalty regime that applies if self-dealing occurs.

This Policy supplements and reinforces the Conflict-of-Interest Policy (Bylaws Article VII), the Compensation Policy (#10), the Consultation Policy (#9), the Charitable Services Policy (#13), and the Gift Acceptance Policy (#6). To the extent any of those policies addresses a matter also covered here, the more restrictive provision controls.

Authority for this Policy rests with the Board, with day-to-day implementation by the Treasurer, oversight by the Conflict-of-Interest Committee (when established), and final review by the full Board for any borderline transaction.

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2. Why §4941 matters

Section 4941 imposes a per-se prohibition on six categories of transactions between a private foundation and any "disqualified person." Unlike the conflict-of-interest rules applicable to public charities under §4958 (which permit reasonable, arm's-length transactions with insiders subject to procedural safeguards), §4941 prohibits the listed transactions **regardless of price, terms, or substantive fairness.** A transaction that would be entirely proper between a public charity and a board member can be self-dealing if entered into by a private foundation.

Section 4941 imposes the following excise taxes:

The disqualified person pays an initial 10% excise tax on the "amount involved," escalating to 200% if the transaction is not corrected within the correction period.

Any “foundation manager” (officer, director, trustee) who knowingly participated in the transaction pays a separate 5% initial excise tax, escalating to 50% if not corrected.

The penalty taxes are payable by the disqualified person and by the participating managers — they are not paid by the Foundation.

The penalty regime is set out in more detail in Section 10 below. This Policy establishes the review procedures that prevent self-dealing transactions.

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3. Disqualified persons with respect to the Foundation

A “disqualified person” with respect to the Foundation includes each of the following, by virtue of IRC §4946(a)(1):

3.1 Substantial contributors

Any person who contributed to the Foundation more than $5,000, if that amount is more than 2% of the total contributions and bequests received by the Foundation since its inception (§4946(a)(2), §507(d)(2)).

For Inner Planets Terraforming Foundation Corporation, the current substantial contributor is **G Neil Haven** (the founder). Substantial-contributor status is permanent — a person who was once a substantial contributor remains so even if their contributions later become a small share of total contributions.

3.2 Foundation managers

Each director and officer of the Foundation, and (in some cases) certain key employees with authority to direct Foundation activities (§4946(a)(1)(B), §4946(b)).

Current foundation managers: **G Neil Haven** (Chair / President; also performing the duties of Secretary and Treasurer pro tempore under Bylaws Section 5.10(a) pending Board election of successors under Bylaws Section 5.10(b)), **Leah M. Maier** (Director), **Jeffrey Scott White, PhD** (Director, Independent), and **Jeffrey Holden** (Director, Independent).

3.3 Owners of substantial-contributor entities

Any person owning more than 20% of the combined voting power of a corporation, profits interest in a partnership, or beneficial interest of a trust or estate, if that entity is itself a substantial contributor (§4946(a)(1)(C)).

Currently inapplicable (no entity is a substantial contributor).

3.4 Family of disqualified persons

The spouse, ancestors, children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren of any person described in 3.1, 3.2, or 3.3 above (§4946(a)(1)(D), §4946(d)).

Siblings, nieces, nephews, and their descendants are not included by attribution. Only the lineal-descendants chain (and spouses) is captured.

Current family DPs include: Leah M. Maier (spouse — already covered as Foundation Manager); G Neil Haven's parents and grandparents (ancestors); any children, grandchildren, and great-grandchildren of G Neil Haven and their spouses (when applicable); Leah M. Maier's parents and grandparents (her ancestors).

3.5 Controlled entities

Any corporation, partnership, trust, or estate in which any combination of persons described in 3.1 through 3.4 hold more than 35% of (§4946(a)(1)(E)):

the combined voting power, for corporations and LLCs taxed as corporations;

the profits interest, for partnerships and LLCs taxed as partnerships; or

the beneficial interest, for trusts and estates.

Currently identified controlled-entity DP: Inner Planets Analytics LLC (an Idaho LLC taxed as an S corporation, 100% owned by G Neil Haven; formerly named Inner Planets Terraforming LLC, renamed June 2026).

Any future entity in which the cumulative ownership of all DPs identified in 3.1 through 3.4 exceeds 35% automatically becomes a DP without further determination.

3.6 Government officials

Certain federal, state, and local government officials are also disqualified persons (§4946(a)(1)(F), §4946(c)). The Foundation does not currently have any DPs in this category. Should it ever be in a position to make payments to a government official, separate analysis is required.

3.7 Maintenance of the Disqualified-Persons List

The Secretary shall maintain a current written list of all known disqualified persons, updated at least annually and whenever any of the following events occur:

any new director or officer is elected or appointed;

any substantial new contribution is received;

any director or officer becomes aware of a new family relationship, ownership change, or controlled entity that would create a DP relationship;

any DP ceases to qualify as such (other than substantial contributors, whose status is permanent).

The DP list shall be made available to all directors at any time and to outside reviewers (counsel, CPA, IRS) upon request.

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4. Six categories of prohibited self-dealing under §4941(d)(1)

The following six categories of transactions between the Foundation and any disqualified person are prohibited absolutely, except as specifically permitted by §4941(d)(2) (Section 5 below):

4.1 Sale, exchange, or leasing of property — §4941(d)(1)(A)

The Foundation shall not buy property from, sell property to, exchange property with, or lease property to or from any disqualified person. This prohibition applies regardless of whether the transaction is at, above, or below fair market value.

4.2 Lending of money or other extension of credit — §4941(d)(1)(B)

The Foundation shall not lend money to a disqualified person; shall not borrow money from a disqualified person; shall not extend credit to a disqualified person; and shall not accept the extension of credit from a disqualified person. Includes guarantees, promissory notes, and any economic equivalent.

Important exception under §4941(d)(2)(B): an interest-free loan from a disqualified person to the Foundation is permitted if the loan proceeds are used exclusively for §501(c)(3) purposes. This is the *only* lending transaction permitted; it must be interest-free and the proceeds must be tied to exempt-purpose use.

4.3 Furnishing of goods, services, or facilities — §4941(d)(1)(C)

The Foundation shall not pay a disqualified person to furnish goods, services, or facilities to the Foundation; and shall not furnish goods, services, or facilities to a disqualified person, except as specifically permitted by §4941(d)(2)(B) or (C) (Section 5 below).

4.4 Payment of compensation — §4941(d)(1)(D)

The Foundation shall not pay compensation to a disqualified person, and shall not reimburse expenses paid by a disqualified person on the Foundation's behalf, except as specifically permitted by §4941(d)(2)(E) (Section 5 below).

This category is also addressed in the Compensation Policy. The default rule during the Foundation's initial year of operation is that no compensation to any DP is contemplated, regardless of whether the §4941(d)(2)(E) personal-services exception would otherwise allow it. The Compensation Policy Section 4 includes one tightly-scoped Year 1 exception (the **grant-funded carve-out**) that permits DP compensation during the initial year only when funded from an external non-DP grant that budgets the DP as a line item, subject to seven conditions including funder approval, personal services actually rendered, rebuttable-presumption procedure, and a 50%-of-qualifying-distributions aggregate cap. Compensation Policy Section 4 further establishes a supplemental gating structure for post-initial-year DP compensation in the specific case of **grant-application-preparation services**, reflecting classification uncertainty of that category under §4941(d)(2)(E) (Board's discretion at or below $10,000 with minutes documentation; mandatory written tax-counsel opinion above $10,000; written necessity finding; milestone-based compensation only; no contingent fees; separately tracked). After the initial year, the rebuttable-presumption procedure of Compensation Policy Section 5 governs all DP compensation.

4.5 Transfer to or use by a disqualified person of Foundation income or assets — §4941(d)(1)(E)

The Foundation shall not transfer its income or assets to, or permit the use of its income or assets by or for the benefit of, any disqualified person. This is a residual provision that catches any benefit transfer not already prohibited by 4.1 through 4.4.

Examples: allowing a DP to use Foundation-owned equipment for personal projects; assigning Foundation-owned intellectual property to a DP without consideration; covering personal expenses of a DP through Foundation accounts; pledging Foundation assets as collateral for a DP's personal obligations.

4.6 Agreement to pay government officials — §4941(d)(1)(F)

The Foundation shall not agree to make any payment of money or other property to a government official (as defined in §4946(c)), other than in very limited circumstances expressly permitted by §4941(d)(2)(G) (such as reasonable expenses for travel to meetings related to grant or contract work, awards for past public services, and similar narrow categories). Counsel must approve any payment touching a government official before the Foundation commits to it.

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5. Permitted exceptions under §4941(d)(2)

The following are the only permitted exceptions to the §4941 self-dealing prohibitions:

5.1 Receipt of services from DPs at no charge — §4941(d)(2)(B)

A disqualified person may furnish goods, services, or facilities **to** the Foundation **without charge**, provided that the goods, services, or facilities are used exclusively for §501(c)(3) exempt purposes. The Foundation may accept the donation; the DP receives no compensation or other consideration in return.

This is the principal route by which Inner Planets Analytics LLC, the founder, the founder's spouse, or any other DP may provide value to the Foundation. The DP receives no compensation from the Foundation; the Foundation receives the goods, services, or facilities at no cost and uses them for its exempt mission. The DP may treat the donated value as a charitable contribution to the Foundation for income tax purposes, subject to the rules limiting deductions of contributions of services (which are generally not deductible) and goods (which generally are deductible at adjusted-basis or fair-market value depending on type).

5.2 Foundation services to DPs on public-equivalent terms — §4941(d)(2)(C)

The Foundation may furnish goods, services, or facilities to a DP on a basis no more favorable than that on which such goods, services, or facilities are furnished to the general public, provided the goods, services, or facilities are functionally related to the Foundation's exempt purposes.

This exception does *not* apply to the Foundation's charitable analytical-services program (which is *less* generous to DPs than to the public, by virtue of the §4946 exclusion in Article III(d)). It might apply to (for example) admission of a DP to a public Foundation-hosted lecture or conference, where the DP attends on the same terms as any other member of the public.

5.3 Personal-services compensation — §4941(d)(2)(E)

The Foundation may pay reasonable and necessary compensation to a disqualified person for personal services rendered to the Foundation that are not excessive. This exception applies to *individual* DPs only — it does not extend to DP-controlled entities. Under the Compensation Policy Section 4, no DP compensation is contemplated during the initial year; after that, the rebuttable-presumption procedure of Treas. Reg. §53.4958-6 applies.

5.4 Other narrow statutory exceptions

§4941(d)(2) contains several additional narrow exceptions for specific transaction types (interest-free loans, certain securities transactions in connection with mergers, certain transactions during the administration of an estate, etc.). Any transaction that may rely on one of these exceptions must be specifically approved by counsel before the Foundation commits to it.

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6. Transaction-review procedures

6.1 Pre-transaction DP screen

Before the Foundation enters into any transaction in any of the six categories listed in Section 4, the responsible officer (typically the Treasurer or, for compensation matters, the Secretary) shall:

check the proposed counterparty against the Disqualified-Persons List maintained by the Secretary under Section 3.7;

check whether the counterparty is owned 35% or more by any combination of DPs (which would make it a controlled-entity DP under Section 3.5); and

document the result of the screen in the engagement file.

If the screen shows no DP relationship, the transaction proceeds under the Foundation's ordinary procurement procedures.

If the screen shows any DP relationship, the proposed transaction shall not be consummated until the procedures in Section 6.2 have been completed.

6.2 Identified-DP transaction approval

For any proposed transaction with a disqualified person:

(a) **Stop and consult.** The responsible officer shall not commit the Foundation to the transaction until the analysis below is complete.

(b) **Identify which §4941(d)(1) category applies.** The Treasurer (or counsel) determines whether the proposed transaction is sale/exchange/lease (4.1), lending (4.2), furnishing of goods/services (4.3), compensation (4.4), transfer/use of assets (4.5), or government-official payment (4.6).

(c) **Identify whether any §4941(d)(2) exception applies.** Determine whether the transaction can be restructured to fit within one of the exceptions in Section 5 above. The principal restructure is to convert a paid transaction into an at-no-charge contribution under §4941(d)(2)(B), which converts the §4941 issue into an ordinary charitable-contribution event.

(d) **If an exception applies, document it.** The Treasurer prepares a written memorandum stating the §4941(d)(2) exception relied upon, the basis for relying on it, and the documentation supporting that basis (e.g., comparability data for compensation matters, written confirmation of at-no-charge terms for §4941(d)(2)(B) transactions).

(e) **If no exception applies, do not transact.** The Foundation does not enter into any DP transaction that does not fit a §4941(d)(2) exception, regardless of the substantive fairness of the proposed terms.

(f) **Board approval.** Any transaction approved under a §4941(d)(2) exception, even if otherwise within ordinary delegated authority, requires approval by the Board under the Bylaws Section 4.8 COI voting rule (one Independent Director affirmative + majority of all directors, with all interested DPs recused).

6.3 Documentation retained

The engagement file for any DP transaction shall include:

the DP-screen result;

the §4941(d)(1) category identification;

the §4941(d)(2) exception relied upon and the supporting basis;

any comparability data, fair-market-value analyses, or other valuation evidence;

the contemporaneous Board minutes recording the approval; and

any related contracts, invoices, or settlement statements.

Records are retained per the Document Retention Policy.

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7. Annual self-dealing audit

The Treasurer, with assistance from the Foundation's CPA, shall conduct an annual self-dealing audit covering the Foundation's transactions for each fiscal year. The audit shall:

review all Foundation transactions during the year against the then-current Disqualified-Persons List;

confirm that any transaction touching a DP was processed under the procedures in Section 6;

identify any transaction that was processed without a DP screen and conduct a retrospective review;

confirm that no transaction outside the permitted §4941(d)(2) exceptions occurred; and

report results to the Audit Committee (when established) and to the full Board at the annual meeting.

If the audit identifies any actual or potential self-dealing transaction, the Treasurer shall promptly notify the Board, who shall determine corrective action, including (if appropriate) reversal of the transaction within the §4941 correction period to mitigate penalties.

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8. Disclosures on Form 990-PF

The Foundation's annual Form 990-PF shall disclose all transactions with disqualified persons as required by the Form 990-PF instructions, including:

Part VIII compensation disclosures for DP foundation managers and key employees;

Part VII-B answers to the §4941 transaction questions; and

any other disclosure required by the Form 990-PF instructions or by IRS Notice.

The Treasurer and CPA shall prepare these disclosures with care, in coordination with the engagement file records under Section 6.3.

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9. Reporting concerns and questions

Any director, officer, employee, contractor, or other person associated with the Foundation who has reason to believe that the Foundation has entered or is about to enter into a transaction that may constitute self-dealing shall report the concern under the Whistleblower Policy (#08), or directly to the Chair of the Conflict-of-Interest Committee, or to any Independent Director. The concern shall be investigated promptly and confidentially.

Questions about whether a contemplated transaction is permissible should be referred to the Treasurer in the first instance and, if there is any doubt, to counsel before the transaction is consummated.

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10. Penalty regime — what happens if self-dealing occurs

If a self-dealing transaction has occurred:

(a) **Initial tax on the disqualified person:** 10% of the amount involved in the transaction, for each year in the “taxable period” (the period from the transaction date until the earlier of correction or IRS assessment).

(b) **Initial tax on participating foundation managers:** 5% of the amount involved, payable by any foundation manager who participated in the act knowing it was self-dealing, unless the participation was not willful and was due to reasonable cause. Capped at $20,000 per act per manager.

(c) **Additional tax on the disqualified person:** 200% of the amount involved, payable if the transaction is not corrected within the correction period (generally 90 days after the IRS issues a deficiency notice, unless extended).

(d) **Additional tax on foundation managers:** 50% of the amount involved, payable by managers who refuse to agree to all or part of the correction. Capped at $20,000 per act per manager.

(e) **Correction:** the transaction must be reversed (or the DP must restore the Foundation to its pre-transaction position) to stop the escalating tax.

These taxes are payable by the disqualified person and by the participating managers — they are not paid by the Foundation. The Foundation cannot indemnify or reimburse the DP or the manager for the self-dealing taxes (such reimbursement would itself constitute additional self-dealing).

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11. Review and amendment

This Policy shall be reviewed by the Conflict-of-Interest Committee (when established) and the Treasurer not less than annually and recommended to the Board for re-adoption, amendment, or replacement as appropriate. Material amendments require the approval threshold for amendment of bylaws under Bylaws Article XI (two-thirds of the directors then in office).

Exhibit A — Current Disqualified-Persons List (as of policy adoption)

To be updated at least annually and whenever circumstances change. Maintained by the Secretary.

Individual disqualified persons

Name

Basis for DP status

Effective from

G Neil Haven

Substantial contributor (§4946(a)(1)(A)); founder; Chair / President, and performing duties of Secretary and Treasurer pro tempore under Bylaws Section 5.10(a) pending Board election of successors (Foundation Manager, §4946(a)(1)(B))

2026-06-22

Leah M. Maier

Spouse of G Neil Haven (§4946(d)); Director (Foundation Manager, §4946(a)(1)(B))

2026-06-22

Jeffrey Scott White, PhD

Director (Independent) (Foundation Manager, §4946(a)(1)(B))

2026-06-22

Jeffrey Holden

Director (Independent) (Foundation Manager, §4946(a)(1)(B))

2026-06-22

G Neil Haven's ancestors (parents, grandparents)

Lineal ancestors of substantial contributor (§4946(d)) permanent

G Neil Haven’s lineal descendants (children, grandchildren) and spouses thereof

Lineal descendants and their spouses (§4946(d))

permanent (each named individually as identified)

Leah M. Maier’s ancestors (parents, grandparents)

Lineal ancestors of Foundation Manager (§4946(d))

permanent

Controlled-entity disqualified persons

Entity

Basis for DP status

Effective from

Inner Planets Analytics LLC (Idaho; S-corp taxed; 100% owned by G Neil Haven)

Corporation with > 35% DP ownership (§4946(a)(1)(E))

2026-06-22

End of Self-Dealing Compliance Policy.