

In light of recent events, the Secret Network community has raised concerns about the current structure of the Secret Foundation and its operations. To address these issues and promote transparency, a proposal for restructuring the Secret Foundation has been developed.

Objectives:

- To establish a new foundation as a non-profit organization (NPO) with a transparent operation.
- To transfer the assets of the old Secret Foundation to the new NPO, while ensuring capable team members' compensation and benefits are not affected by this transition.
- To appoint a non-affiliated trusted third party (hereon the "Trustee") to oversee the transition process within a concrete timeline.

Formation of the New Secret Foundation NPO:

The new Secret Foundation will be registered as an NPO and provide an annual account of its activities, including key performance indicators (KPIs), budgets, and goals. The Foundation's annual budget will be authorized by the appointed board members and the financial statements will be audited by a certified third party. Executive compensation and any related party transactions or conflicts of interest will be shared with the community quarterly.

Ideally, the new Secret Foundation's scope will expand compared to the present-day situation, and will include members from the existing Secret Foundation, Secret Agency and new members. Professional and industry leading board members and executives will be hired.

Community members who are to be appointed to the board will first need to be approved by the community. A single organization within the ecosystem (including SCRT Labs) cannot have more than a single board seat. The board is expected to have at least three members (and most likely more), assuring that no single community related party can control the majority of the board.

Transfer of Current Funds:

The stated goal of this proposal is to complete the transition period within 90 days. At that point, a new NPO should be in place and all net assets would have been transferred to the new organization. In the interim, and to make sure an orderly transition occurs, we propose the following milestones:

- Within 14 days, Secret Foundation will produce a trial balance to the Trustee accounting for its current balance sheet, and a summary of its monthly cash burn based on its current obligations.
- Secret Foundation will produce to the Trustee any supporting material and information, such as financial statements, returns, agreements, etc they need to verify this information.
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- Within 14 days, Secret Foundation will transfer to the Trustee control of all crypto assets it holds, and within 30 days a fiat Escrow account will be set up and all fiat funds will be transferred there for the duration of the restructuring.
- From these transactions, the Secret Foundation will deduct six months of expenses to meet its obligations as reported.
- Once the restructuring is completed, a final account of all liabilities will be produced and all net assets, whether they are held in escrow or remain at the Secret Foundation will be transferred to the new Secret Foundation NPO.

Role of the Trustee:

To address the lack of trust within the community and any potential conflict of interest, a non-affiliated third party with relevant knowledge and certification will act as the temporary manager of the restructuring process and custodian of related funds. The third-party (i.e., the Trustee) will:

- Establish the legal structure for the new Foundation NPO.
- Restate contracts with employees and suppliers.
- Set up a custodial account, and examine existing liabilities, with a stated goal to keep as many of the community assets intact.
- Issue a report to the community on the results of their examination and any proposed mitigations.
- The trustee will have the option to ask the community for additional time to complete the process, which the

community will be able to approve or disapprove via a governance vote.

- Tor will have visibility into the Trustee selection process, including the ability to suggest Trustees. However, he will not be making the final decision, which is reserved for the community. * (Amended 2.2.23)
- The trustee will notify all stakeholders ahead of time about any potential tax implications before transferring the funds to the escrow accounts (both Crypto and Fiat). * (Amended 2.2.23)

Conclusion:

The proposed restructuring of the Secret Foundation into a non-profit organization and the appointment of a trusted third party to oversee the transition process will enhance transparency and foster trust within the Secret Network community. The timeline presented will ensure that this process is handled effectively, fairly and most importantly - swiftly and decisively.

Vote "Yes" if you support the action items laid out in this proposal that propose the efficient and timely restructuring of the Secret Foundation as an NPO.

Vote "No" if you believe in the current status quo and wish to maintain it.