

FINANCIAL PRIVACY FOUNDATION

FPF Q1 2026 Report Released May 18, 2026

Dear Zcash Community,

This Q1 2026 report is being provided to keep the Zcash Community up-to-date on the Financial Privacy Foundation's (FPF) activities.

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About FPF

FPF seeks to address a critical need for operational and financial management support among unincorporated organizations and ad-hoc groups in the cryptocurrency space, with a specific focus on privacy-focused protocols. These organizations, primarily focused on delivering technically challenging and innovative products and services, frequently lack the resources to manage their operational and financial affairs effectively. FPF aims to bridge this gap by providing a fully-scaled organizational structure and comprehensive back-office support, enabling these groups to focus on their primary mission and maximize their impact.

FPF's mission is to educate and empower individuals and communities to take control of their financial privacy and security, and to promote a fair and equitable financial system that respects personal privacy. One way FPF delivers on this mission is to support other like-minded entities as they scale their operations, providing them with the ability to focus on their core competencies.

FPF is an independent Cayman Islands incorporated not-for-profit foundation administered and governed by a board of directors and a Supervisor (Cayman required).

Coinholder-Directed Retroactive Grants Program

FPF is honored to be selected to provide support for the next twelve months for the Coinholder-Directed Retroactive Grants Program. FPF provided the following services for Q1:

1. Completed the cycle for Q4 2025 payouts by communicating and coordinating with grantees and keyholder organizations.
2. [Published schedule.](#)
3. Managed submission intake [via GitHub](#).
4. Prepared [concise summaries](#) of all grant requests to be included in the vote.
5. Worked through a last minute voting question and [subsequent conversation](#).
6. Notified one grantee that [their proposal was accepted](#) and notified the remainder that their proposals were rejected. No KYC required for winning grantee based on grant value.
7. Communicated to KeyHolder organizations (ZF, SL) that all criteria have been met for disbursement.
8. Began coordination with Keyholder organizations to set a date for disbursement of April 14th.
9. Maintained ongoing communication with grantees to ensure transparency throughout the process and collected preferred payment details to facilitate timely grant disbursements..
10. Maintained the [Coinholder Grants Dashboard](#).

In the early weeks of Q2 FPF will share the Q2, Q3 and Q4 CDRGP schedules for the remainder of 2026 on the Forum and social media.

ZecHub Bounty Project

ZecHub was awarded 100 ZEC valued at \$46,920 at time of payment [from ZCG for their bounty program](#). FPF is responsible for making weekly bounty payments at the direction of ZecHub. ZecHub retains ownership of the bounty program, its strategic direction, and decisions regarding bounty recipients. FPF only handles the administration of program payouts and the associated due diligence and accounting activities. FPF received 5 ZEC, valued \$2,346 USD at time of payment from ZecHub for providing admin services for Jan 1-Dec 31, 2026.

	Jan 2026	Feb 2026	Mar 2026	Q1 Totals
Total Zec Paid Out	12.04	15.35	25.02	52.41
Total USD Value Paid Out (valued at time of payout)	\$4,614.68	\$4,345.04	\$5,403.36	\$14,363
Total ZEC Remaining	179.91	164.56	139.54	139.54
Total USD Value ZEC Remaining*	\$54,442.69	\$36,278.99	\$34,636.72	\$34,636.72
USD/ZEC EOM Closing Price	\$302.61	\$220.46	\$248.22	\$248.22

In Q1, FPF distributed **129 payments to 33 unique bounty recipients** as part of ZecHub’s ongoing contributor rewards program. In total, FPF has made a total of 609 payments on behalf of ZecHub through the end of Q1.

*Value of ZEC remaining is based on the closing ZEC price at the end of the month

All bounty payments made in Q1 were completed within four hours of ZecHub’s notification (every Sunday).

ZK AV Club Bounty Project

ZK AV Club was awarded 84.67 ZEC valued at \$30,000 USD at time of payment [from ZCG for their “gig” payment bounty program](#). FPF is responsible for making monthly “gig” payments (bounty program) at the direction of ZK AV Club in addition to making monthly payments directly to regular contributors. ZK AV Club retains ownership of the bounty program and regular contributor responsibilities, the program’s strategic direction, and decisions regarding bounty recipients and contributors. FPF only handles the administration of program payouts and the associated accounting activities. FPF received 11.01 ZEC valued \$3,900 USD at time of payment from ZK AV Club for admin services provided Jan 1-Dec 31, 2026.

	Jan 2026	Feb 2026	Mar 2026	Q1 Totals
Total Zec Paid Out	0.00	0.00	10.83	10.83
Total USD Value Paid Out (valued at time of payout)	\$0	\$0	\$2,389.00	\$2,389.00
Total ZEC Remaining	84.67	84.67	73.84	73.84
Total USD Value ZEC Remaining*	\$25,621.69	\$18,666.13	\$18,327.90	\$18,327.90
USD/ZEC EOM Closing Price	\$302.61	\$220.46	\$248.22	\$248.22

In Q1 2026, we sent 6 payments to 6 unique gig program recipients (included in above table) and 13 payments to 5 regular contributors.

*Value of ZEC remaining is based on the closing ZEC price at the end of the month

Zcash Community Grants (ZCG)

In July 2024, the Zcash community voted in favor of [ZIP 1015](#), which allocates 8% of the block subsidy to the Financial Privacy Foundation (FPF). These funds are designated for the Zcash Community Grants Committee (ZCG) to support independent teams within the Zcash ecosystem, starting at block height 2,726,400 (mid-November 2024). [ZIP 1016](#) extends ZCG's funding stream administered by FPF, continuing the allocation for an additional 1,260,000 blocks (approximately three years) following the expiry of ZIP 1015's funding stream, and ending at Zcash's third halving (mid-November 2028). FPF receives and manages these funds, ensuring they are disbursed for grants and related administrative expenses under the ZCG program.

FPF provides the following services to ZCG:

- Administrative Support (*Comprehensive support for grantmaking activities, election process management, etc.*)
- Finance Support (*Treasury management, accounting services, financial reporting, etc.*)
- Community Activities Support (*Note taking, outreach, general communication, etc.*)
- Strategic Support (*Research, brainstorm input, etc.*)

In addition, during Q1:

1. ZCG meeting minutes were posted within 1.3 days from the completion of the meeting.
2. Onboarded Hanh as a new ZCG member.

3. Gave audit access to ZCG accounts to one ZCG member. We're working through how to best utilize this access for visibility and transparency purposes.
4. Switched from Forum DMs to GitHub comments for grantee reminders. The change seems to have accelerated grantee response times.
5. Completed ZCG Survey (see supplemental section).
6. Completed ZCG independence (see supplemental section).
7. Records broken:
 - a. Most grants approved in one quarter (14).
 - b. Highest number of outstanding open grants and IC agreements one quarter (30).
 - c. Most number of milestones paid out one quarter (62). This represents a 72% increase in the number of payments compared to Q1 2025.
 - d. 258% increase in grant submissions compared with Q1 2025.
 - e. Fastest time from submission to ZCG decision (11.3 days).

ZCG statistics:

	Q1 2026	Q2 2026	Q3 2026	Q4 2026
# Grants Submitted	68			
# New Grants & IC agreements Approved	14			
# Approved In Progress Grants <i>*includes grants approved in previous quarters</i>	30			
Average Days Submission to ZCG Decision	11.3			
# of Milestones Paid Out	62			
Total \$ of New Grants Approved	\$649,855			
Total \$ Expended Grants in Qtr	\$1,410,662			
Total \$ Grants & IC Agreement Contracts Liable End of Qtr	\$2,506,117			
Discretionary Fund Usage <i>*includes trading fees</i>	\$54,108			
ZCG Member Stipend Expense	\$66,074			
TOTAL Expenses	\$1,530,844			

FPF Financial Spotlight

FPF Expenses 2026					
	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Total
FPF General Overhead	\$26,457				
ZCG Support	\$26,970				
ZecHub Support	\$2,562				
ZK AV Support	\$1,488				
CDRGP Admin	\$2,700				
FPF Grants & Donations	\$0				
ZecHub Committee Expense ⁽¹⁾	\$14,363				
ZK AV Committee Expense ⁽¹⁾	\$2,389				
ZCG Committee Expense ⁽²⁾	\$1,530,843				
Total	\$1,607,772				

1. Bounty payments.
2. Includes ZCG grants IC agreements, discretionary fund expenses, trading fees and ZCG member compensation.

FPF Simplified Balance Sheet as of March 31, 2026								
	FPF Unrestricted Funds		Funds Restricted for ZecHub		Funds Restricted for ZK AV Club		Funds Restricted for ZCG	
	Balance	USD Value	Balance	USD Value	Balance	USD Value	Balance	USD Value
Liquid Assets								
USD	-	\$459,120.77	-	-			\$8,999,351	\$ 8,999,351
USDC	-	\$2,338.90	-	-			1.00	\$ 1.00
ZEC		1,837.47	139.54	\$34,637	73.84	\$18,328	70,535.85	\$ 17,508,407
CACAO	-	-	-	-			956,117.00	\$ 86,261
Total Liquid Assets		\$917,557	-	\$34,637		\$18,328		\$ 26,594,021
Liabilities		USD Value		USD Value				USD Value
Grant		-		-				\$2,506.117

Commitments								
Accrued Expenses & Payroll Liabilities		-		-				-
Total Liabilities		-		-				
<u>Net Liquid Assets</u>		\$917,557		\$34,637		\$18,328		\$24,087,904
<p>ZEC closing price as of March 31, 2026 (used to calculate USD value of coins) = \$248.22 CACAO closing price as of March 31, 2026 (used to calculate USD value of coins) = \$0.09</p>								

Supplements follow on the next page.

ZCG Survey Responses Rating FPF's Effectiveness

Under ZIP 1016, FPF conducts periodic reviews of the organizational structure, performance, and effectiveness of the Zcash Community Grants (ZCG) program and committee under the FPF organization. As part of this review, the ZCG Committee is invited to provide feedback on the effectiveness of FPF's support of the ZCG program and identify areas for improvement. The results:

Summary

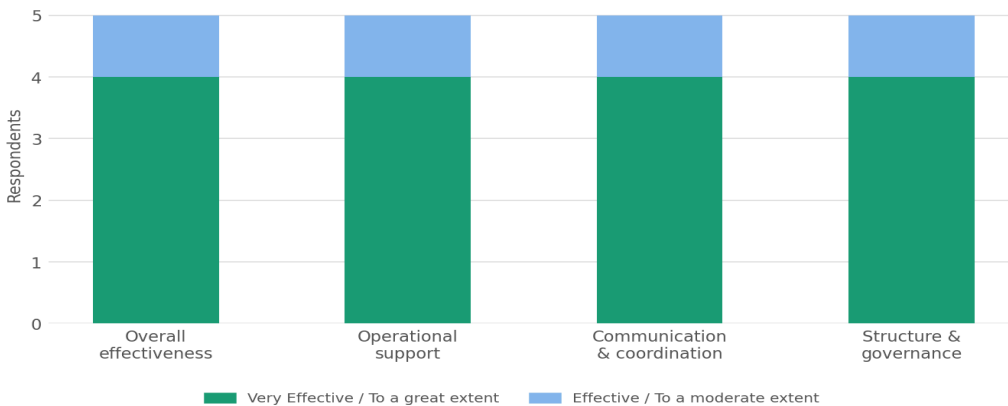
Respondents 5	"Very Effective" overall 4 / 5	Identified improvements 2 / 5
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Survey conducted March–April 2026. All five ZCG members completed all four rating dimensions and the open-text fields.

Quantitative Ratings

Respondents rated FPF's support across four dimensions: overall effectiveness, operational support, communication and coordination, and structure and governance. Four of five respondents rated all four dimensions as "Very Effective" or "To a great extent." No respondents rated any dimension below "Effective."

The chart below shows the distribution of ratings across all four dimensions.



n = 5 · March–April 2026 · ZCG Committee Program Review

Qualitative Feedback

Open-text responses reinforced the quantitative ratings, with respondents consistently identifying FPF's operational and administrative role as a meaningful enabler of committee effectiveness. Four of five respondents specifically highlighted time savings and operational efficiency — noting that FPF's management of payments, contractor coordination, and administrative formalities allows the ZCG committee to focus exclusively on grant evaluation

and decision-making. Timely and reliable disbursements to grantees upon milestone completion were cited with equal frequency as a concrete, high-value function.

Three respondents commented on FPF's professionalism and organizational quality, with one describing the program's setup as impressive from the first day of committee participation. A fourth characterized FPF's support as not merely effective but essential to ZCG operations.

The only substantive areas for improvement surfaced from a single respondent, who flagged two related operational gaps: the absence of a structured system for tracking independent contractor engagements and outcomes, and the lack of a non-public spreadsheet tool for managing audit and outreach information. Both suggestions point to internal tooling rather than any concern with FPF's core grant administration function. Note that independent contractors are [tracked here](#) and ZCG has been provided with a spreadsheet tool for managing audit and outreach information.

No respondents identified concerns with communication, governance structure, or payment processes.

FPF will continue to solicit ZCG for feedback throughout the term of the agreement.

Review of Zcash Community Grants (ZCG) Organizational Structure and Independence Feasibility

In Fulfillment of ZIP 1016 Review Requirements

Executive Summary

This document supports compliance with the periodic review requirements outlined in [ZIP 1016](#) regarding the organizational structure, performance, and effectiveness of the Zcash Community Grants (ZCG) program and committee, including the feasibility of a potential transition to an independent organizational structure.

Currently, ZCG operates under a managed services model within the Financial Privacy Foundation (FPF), which provides administrative, legal, financial, and operational support while ZCG retains independent grantmaking authority. This structure minimizes administrative burden and allows ZCG to focus on programmatic decision-making.

This review evaluates the legal, operational, financial, and governance implications of establishing ZCG as an independent entity. The analysis finds that independence appears legally and operationally feasible but would materially increase administrative costs (estimated 50–70%), governance complexity, compliance obligations, and operational risk, while delivering primarily structural rather than programmatic benefits.

Accordingly, while independence may advance decentralization objectives in certain respects, the current managed services model remains significantly more economically efficient. The ultimate determination of independence should therefore be guided not solely by cost, but by decentralization philosophy, regulatory positioning, and measured community sentiment, as required under ZIP 1016.

Definitions

For the purposes of this document:

- **ZCG:** Zcash Community Grants Committee and program
 - **FPF:** Financial Privacy Foundation
 - **ZIP:** Zcash Improvement Proposal
 - **Dev Fund:** The Zcash Development Fund as defined in applicable ZIPs
 - **Independence:** Legal and operational independence from FPF, not a change in ZCG's mandate, funding source, or governing ZIP obligations
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ZIP 1016 Requirements

Under [ZIP 1016](#), FPF is required to conduct periodic reviews of the organizational structure, performance, and effectiveness of the ZCG program and committee, taking into account input and recommendations from the ZCG Committee.

As part of these periodic reviews, FPF must also evaluate the feasibility of transitioning ZCG into an independent organization if such a transition is:

- Economically viable
- Aligned with the interests of the Zcash ecosystem
- Consistent with prevailing community sentiment

In any transition toward independence, priority must be given to maintaining or enhancing the decentralization of the Zcash ecosystem. Any newly established independent entity would be expected to ensure that decision-making processes remain community-driven, transparent, and responsive to the evolving needs of the Zcash ecosystem.

To support geographic decentralization, domicile outside of the United States should be prioritized where legally and operationally appropriate.

Scope of This Review

This review assesses:

- Legal feasibility of an independent ZCG entity
- Governance and structural implications
- Operational and compliance requirements
- Financial and administrative cost impacts
- Risks associated with transition and ongoing operations

This document does not propose changes to ZCG's mandate, funding allocation, or governing ZIP obligations (including ZIPs 1014, 1015, and 1016).

Current Organizational Structure

Managed Services Model

- FPF is a Cayman Islands–incorporated not-for-profit organization.
- ZCG operates as a committee within FPF.
- ZCG retains independent grantmaking authority.
- FPF provides administrative, operational, legal, financial, and compliance support.

Under this structure, ZCG does not bear the direct burden of:

- Legal incorporation and regulatory compliance
- Treasury administration and custody infrastructure
- Accounting, audits, and reporting
- Vendor management and operational execution
- Administrative accounts and account management
- Organizational liability, as ZCG operates under FPF's Directors & Officers (D&O) insurance coverage

This model allows ZCG to focus on governance and grantmaking while leveraging institutional operational infrastructure.

Working Assumptions for an Independent ZCG Entity (Non-Binding)

For the purposes of feasibility analysis, the following assumptions are used. These are illustrative and do not preclude alternative jurisdictions or structures.

Jurisdictional Assumption

It is assumed that a new entity could be incorporated in the Cayman Islands due to:

- Established legal frameworks for foundations and non-profit entities
- Regulatory neutrality
- Strong data protection norms
- Tax neutrality
- International legal recognition

Alternative jurisdictions (e.g., Switzerland, Singapore, or EU foundation structures) could be considered in a future detailed jurisdictional analysis if requested.

Treasury and Financial Infrastructure Assumption

The independent organization would likely require a treasury structure similar to FPF's, including:

- Exchange custody accounts
- Supporting operational accounts
- Fiat bank account(s)
- Payment infrastructure for fiat disbursements

These requirements have direct implications for operational costs, compliance, and internal controls.

Minimum Legal and Governance Requirements for an Independent ZCG Organization

An independent ZCG entity would need to meet the following baseline requirements:

Non-Profit Mandate and Asset Restrictions

- Articles of Association must include a clear non-profit mandate
- A dissolution clause requiring surplus assets to be transferred to another non-profit entity with similar objectives
- Treatment of funds received from FPF as restricted funds in accordance with ZIPs 1014, 1015, and 1016

This structure supports equivalence determination for U.S.-based grantors and helps ensure legal and mission alignment.

Founderless (Orphan) Structure

The entity should be structured as a founderless or “orphan” organization, with no members or shareholders, and with governance defined exclusively through its constitutional documents. This removes ownership concentration risk and supports decentralization objectives.

ZIP Compliance Obligations

The independent organization would remain obligated to:

- Follow all relevant ZIPs governing ZCG
- Maintain transparency and reporting standards
- Preserve community-driven governance processes

Independence would represent a structural governance change, not a change in ZCG’s mandate.

Governance Model Considerations

An independent entity would require a formal governance framework, including:

- A Board of Directors (appointed, elected, or hybrid selection model)
- Clearly defined director responsibilities codified in governing documents
- Conflict-of-interest policies
- Removal and replacement mechanisms
- Term limits and accountability structures

- Community oversight mechanisms consistent with ZIP expectations

Board structure and director selection methodology would be critical to ensuring continued decentralization and legitimacy within the Zcash ecosystem.

Operational and Compliance Requirements

KYC and Regulatory Compliance

At least one legally compliant Know Your Customer (KYC) process would be unavoidable under Cayman regulatory requirements, particularly for:

- Banking relationships
- Custodial providers
- Supervisory and administrative service providers

While some treasury tools may reduce KYC exposure, full regulatory compliance would still require identifiable responsible parties.

Administrative and Operational Infrastructure

An independent ZCG organization would need to establish:

- Professional administrative support (e.g., minutes, elections, documentation)
- Financial management and accounting systems
- Legal and compliance oversight
- Vendor and contract management processes
- Administrative accounts & insurance

Given the complexity of ZCG's operations, experienced professional staff or contractors would be required to ensure operational continuity and compliance.

Internal Controls and Treasury Safeguards

Robust internal controls would be necessary, including:

- Segregation of duties for treasury management and grant disbursement
- Multi-signature or equivalent treasury authorization structures
- Documented approval workflows
- Audit-ready financial recordkeeping

These controls are currently provided through FPF's operational infrastructure.

Transition Complexity and One-Time Considerations

A transition to independence would likely require:

- Legal incorporation and regulatory onboarding
- Migration of treasury accounts and financial infrastructure
- Establishment of governance bodies and policies
- Contract novation or re-execution with service providers
- Operational documentation and process development

Estimated transition duration could range from 3 to 6 months depending on jurisdictional, regulatory, and governance implementation timelines.

Risk Analysis

Regulatory Risk

Independent operation introduces increased exposure to:

- Banking access constraints
- Jurisdiction-specific compliance obligations
- Evolving regulatory treatment of crypto-related organizations

Operational Continuity Risk

Transitioning administrative infrastructure may create temporary operational disruption, including delays in grant processing, reporting, or treasury operations.

Key-Person and Governance Risk

Independent entities require clearly designated responsible individuals for compliance, financial oversight, and legal accountability, increasing key-person dependency compared to a managed services structure.

Treasury and Custody Risk

An independent treasury structure would require new custody arrangements, governance of signing authority, and risk management protocols currently handled by FPF.

Administrative Burden Risk

Independence materially increases ongoing administrative overhead, which may divert focus from grantmaking effectiveness.

Community Sentiment and Decision-Making

ZIP 1016 explicitly requires consideration of prevailing community sentiment. Any future determination regarding independence should incorporate:

- Public forum discussion
- Community polling or signaling mechanisms
- Formal consultation with the ZCG Committee

Community interpretation and documentation of sentiment should be transparent and archived.

Current vs. Projected Expense Analysis

Current Annual Cost (Managed Services Model)

The current annual cost to ZCG for FPF's services is approximately \$145,000. Under this contract, FPF is responsible for nearly all operational expenses except:

- ZCG member compensation
- ZCG discretionary expenses (e.g., conference reimbursements)
- Exchange trading fees

Projected First-Year Operational Costs (Independent Entity)

The estimates below reflect first-year operational costs for a standalone entity based on regulatory requirements, comparable service providers, and FPF's operational experience.

Estimated Annual Costs (Year 1):

- Registered Agent: \$2,404
- Secretary: \$4,000
- Supervisor: \$7,500
- Government Fees: \$1,828
- Accounting Software: \$350.00
- Website and Domain Registration: \$734
- Zoom (elections and meetings): \$320
- Google Workspace: \$756
- Documenso: \$300
- Custody Fees*: \$48,000
- Trading Fees*: \$5,000
- Bank Fees: \$950
- Legal Fees**: \$30,000
- Staff/Contractor Support***: \$100,000

- Accountant Fees: \$24,000
- D&O Insurance: \$15,500

Total Estimated Annual Cost (Year 1): \$241,642

* Estimates subject to asset value and market conditions

** Primarily incorporation and setup; expected to decline to ~\$5,000–\$10,000 annually thereafter

*** Assumes contracted administrative and operational support

These figures exclude ZCG member compensation, discretionary expenses, and grant disbursements.

Economic Viability Assessment

For the purposes of this review, economic viability is evaluated based on:

- Comparative administrative cost
- Operational sustainability
- Governance resilience
- Impact on grantmaking efficiency

Independence would increase annual administrative costs by approximately 50–70% relative to the current managed services model. The increase is primarily attributable to duplicative infrastructure, compliance overhead, staffing, and professional service requirements.

Importantly, independence would not directly increase grantmaking capacity or programmatic impact. The primary changes would be structural and operational rather than mission-altering.

Analysis and Findings

This review indicates that a transition to independence is legally and operationally feasible and can be structured in a manner consistent with ZIP requirements and decentralization objectives.

However, the transition would:

- Materially increase administrative overhead
- Introduce additional governance and compliance complexity
- Increase operational and regulatory risk exposure
- Require significant setup and transition effort

The independence model appears feasible but economically less efficient than the current FPF-managed structure. The benefits of independence are primarily structural (organizational autonomy and perceived decentralization) rather than programmatic.

Recommendation

While establishing an independent ZCG organization appears legally sound and governance-aligned, the current managed services model provides substantially greater economic efficiency, operational stability, and risk mitigation.

Given that ZIP 1016 requires consideration of economic viability, ecosystem interests, and community sentiment, FPF recommends:

- Maintaining the current managed services structure in the near term
- Continuing periodic structural reviews as required by ZIP 1016
- Reassessing the question of independence in coordination with broader Dev Fund and governance discussions
- Initiating any serious independence exploration well in advance of the November 2028 halving to allow adequate transition planning and community consultation

This approach preserves operational continuity and grantmaking effectiveness while leaving open a future pathway to independence should economic conditions, decentralization priorities, or community sentiment meaningfully shift.