



FY 2005 1st Quarterly Financial Report of the United States Mint Commemorative Coin Programs



*1st Quarter reporting period
October 1, 2004 through December 31, 2004*

PROGRAM-WIDE SUMMARY

Modern commemorative coins authorized by Congress and produced by the United States Mint date from the introduction of the George Washington 250th Anniversary Half Dollar in 1982. Congress has authorized a total of 44 commemorative coin programs between 1982 and 2005, honoring people, places, events, and institutions of significance in American history and culture. Surcharges from the sales of these coins help fund a variety of organizations and projects that benefit the community at large. United States Mint commemorative coin programs have collected approximately \$ 438.2 million in surcharges over the past 23 years for many worthy recipient organizations.

Commemorative coins are beneficial, not only to numismatic enthusiasts and the recipient organizations, but also by reaffirming the history of our Nation. The United States Mint ensures that it will continue to execute and oversee these coin programs in a conscientious, prudent and business-like manner.

FINANCIAL REPORTING

The attached financial summary provides cumulative program data through the end of the 1st quarter of FY05. The matching funds criterion established by the Commemorative Coin Reform Act of 1996 (CCRA), as amended by Title II of Public Law 108-15 (Apr. 23, 2003), requires commemorative coin programs to link public funding of special projects to private support by requiring recipient organizations to maintain receipts of donations from private sources “in an amount that is equal to or greater than the total amount of the proceeds of such surcharge derived from the sale of such numismatic item.” The CCRA provides for commemorative coin program recipient organizations to be partners in bearing the risks of commemorative coin programs. It assures that the United States Mint recovers its cost of operating such coin programs.

The estimated program profit (loss) is total net revenue minus net operating cost less surcharges collected. This quarterly interim profit and loss analysis was prepared using the accrual basis of accounting.

2003 First Flight Centennial Commemorative Coin Program

Program Highlights

The 2003 First Flight Centennial Commemorative Coin Program, included in Public Law 105-124, authorized production of up to 100,000 gold ten-dollar, 500,000 silver one-dollar and 750,000 clad half-dollar coins.

Qualifying program surcharges are authorized to go to the First Flight Centennial Foundation for the “purposes of repairing, refurbishing, and maintaining the Wright Brothers Monument in the Outer Banks of North Carolina, and expanding or, if necessary, replacing and maintaining the visitor center and other facilities at the Wright Brothers National Memorial Park.”



Analysis of Financial Position

The 2003 First Flight Centennial Commemorative coin sales began on August 1, 2003. The United States Mint shipped a total of 442,290, generating total program revenue of \$22.1 million. The program collected \$3.7 million in surcharges and showed a profit of approximately \$2.5 million. Sales for this program ended on July 30, 2004, and the final auditing for the 2003 First Flight Centennial Commemorative occurred in the 4th Quarter FY04. The recipient organization has submitted a satisfactory matching funds statement, thereby attesting that it has become eligible to receive the surcharge payment. After the final auditing, the United States Mint distributed \$3.7 million in surcharge revenue to the First Flight Centennial Foundation in the 1st Quarter FY05. This

program has closed.

2004 Thomas Alva Edison Commemorative Coin Program

Program Highlights



The 2004 Thomas Alva Edison Commemorative Coin Act, Public Law 105-331, authorized the production of up to 500,000 silver dollar coins. This silver dollar commemorates the 125th anniversary of the invention of the light bulb by Thomas Alva Edison. Sales began in February 2004, and sales concluded by December 31, 2004.

The program featured a 25,000 limited-edition Thomas Alva Edison Collector's Set that showcases Edison's many accomplishments. The set featured the uncirculated silver dollar in a fun and informative presentation that actually lit up when opened and resulted in the sale of an additional 24,379 coins.

Surcharges from the sale of these coins are authorized to be divided among eight organizations dedicated to paying tribute to Edison. The eight organizations eligible to receive 1/8 of the surcharge are the Museum of Arts and History; Edison Birthplace Association, Inc.; National Park Service; Edison Plaza Museum; Edison Winter Home and Museum; Edison Institute; Edison Memorial Tower; and the Hall of Electrical History.

Analysis of Financial Position

Through December 31, 2004, the United States Mint shipped a total of 303,316 coins, generating total program revenue of \$11.0 million. The program has collected \$3.0 million in surcharges and is showing a profit of approximately \$1.0 million.

The United States Mint has distributed equal surcharge payments of \$244,763.50 to the Museum of Arts and History, National Park Service and the Hall of Electrical History through the 1st Quarter FY05. As the Edison Birthplace Association, Inc; Edison Plaza Museum; Edison Winter Home and Museum; Edison Institute; and Edison Memorial Tower raise matching funds, they will become eligible for surcharge distribution.

2004 Lewis and Clark Expedition Bicentennial Commemorative Coin Program

Program Highlights

The 2004 Lewis and Clark Expedition Bicentennial Commemorative Coin Act, included in Public Law 106-126, authorized the production of up to 500,000 silver dollar coins. This silver dollar commemorates the bicentennial of the historic expedition conducted by the Corps of Discovery. The program surcharges are authorized to be paid to the National Lewis and Clark Bicentennial Council (2/3) and the National Park Service (1/3), for activities associated with commemorating the bicentennial of the Lewis and Clark expedition. Sales began in May 2004, and sales concluded by December 31, 2004.



The 2004 Lewis and Clark Bicentennial Silver Dollar Commemorative Coin Program featured two, limited-edition coin sets. The Lewis and Clark Coinage and Currency Set, and the Lewis & Clark Coin & Pouch Set, sold approximately 100,000 coins for the program.

Analysis of Financial Position

Through December 31, 2004, the United States Mint shipped a total of 494,600 coins (including special sets), generating total program revenue of \$25.7 million. The program collected \$4.9 million in surcharges and showed a profit of approximately \$4.6 million.

After a final audit during the second quarter of FY05, and provided the recipient organizations submit a satisfactory matching funds statement, it may become eligible to receive surcharge distribution.

Chief Justice John Marshall Silver Dollar

Program Highlights

Legislation for a commemorative coin commemorating the 250th anniversary of the birth of Chief Justice John Marshall passed the Congress in July 2004, and was signed into law by the President on August 6, 2004. The legislation authorizes a silver dollar with a design that will be emblematic of Chief Justice John Marshall and his immeasurable contributions to the Constitution of the United States and the Supreme Court of the United States. The maximum mintage is 400,000 coins, and a surcharge of \$10 per coin is authorized to go to the Supreme Court Historical Society.

In the 1st Quarter FY05, the Treasury Secretary approved the Chief Justice John Marshall Silver Dollar designs, which will be released to the public in the 2nd quarter of FY05. The United States Mint marketing staff has presented marketing intentions to the recipient organization for approval and has had several meetings to discuss the sale and promotion of the commemorative coin. Sales are tentatively scheduled to begin in the spring of 2005, and the program will include two special sets, which are still in development.

Marine Corps 230th Anniversary Silver Dollar

Program Highlights

Congress passed legislation for a silver dollar honoring the 230th Anniversary of the United States Marine Corps and was signed into law on August 6, 2004. This silver dollar has a maximum mintage of 500,000, and the design is to be emblematic of the warrior ethos of the United States Marine Corps. The \$10 surcharge per coin is authorized to go to the Marine Corps Heritage Foundation.

In the 1st Quarter FY05, the Deputy Treasury Secretary approved the 230th Anniversary of the United States Marine Corps designs, which will be released to the public in the 2nd quarter of FY05. The United States Mint marketing staff has had several meetings with the recipient organization to discuss future marketing intentions and promotion for the sale of the Marine Corps 230th Anniversary Silver Dollar. The program will feature one special set, which is still being developed.

MARKET-BASED RESEARCH AND PRICING FOR ALL UNITED STATES MINT COMMEMORATIVE COIN PROGRAMS

As part of our overall marketing research program, the United States Mint utilized data from focus groups with active United States Mint customers to provide market-based research in support of our 2003–2004 commemorative coin programs. The United States Mint is using this focus group data to gauge the level of customer appeal for products to help support its 2005 commemorative coin programs.

Commemorative coin pricing includes estimating consumer demand and costs associated with producing and selling the item. The United States Mint continually strives to achieve the greatest efficiencies in the production of commemorative coins to keep the prices as low as possible.

As of December 31, 2004

2004 Thomas Edison									
Option Code	Description	Sets	Coins Gold Proof	Coins Gold Uncirculated	Coins Silver Proof	Coins Silver Uncirculated	Coins Clad Proof	Coins Clad Uncirculated	Surcharges at \$35,\$10&\$1
3C1	Silver Proof	211,184			211,184				\$2,111,840
3C2	Silver Uncirculated	67,753				67,753			\$677,530
3C7	Collector's Set	<u>24,379</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,379</u>	<u>0</u>	<u>0</u>	<u>\$243,790</u>
	Total	303,316	0	0	211,184	92,132	0	0	\$3,033,160
			tot gold	0	tot silver	303,316	tot clad	0	
						total coins		303,316	

2004 Lewis and Clark									
Option Code	Description	Sets	Coins Gold Proof	Coins Gold Uncirculated	Coins Silver Proof	Coins Silver Uncirculated	Coins Clad Proof	Coins Clad Uncirculated	Surcharges at \$35,\$10&\$1
2S3	Coin & Pouch Silver Prf	49,441			49,441				\$494,410
2S4	Coin & Currency Silver Unc	49,943				49,943			\$499,430
2S5	Silver Proof	284,884			284,884				\$2,848,840
2S6	Silver Uncirculated	92,062	0	0	0	92,062	0	0	\$920,620
2S7	Silver Proof coin	<u>18,270</u>	<u>0</u>	<u>0</u>	<u>18,270</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$182,700</u>
	Total	494,600	0	0	352,595	142,005	0	0	\$4,946,000
			tot gold	0	tot silver	494,600	tot clad	0	
						total coins		494,600	

COMMEMORATIVE COIN PROGRAMS

FINANCIAL SUMMARY

FROM INCEPTION THROUGH DECEMBER 31, 2004

	THOMAS EDISON	LEWIS AND CLARK	Description
REVENUE	\$ 10,982,178	\$ 25,708,611	<i>Receipts</i>
COST OF GOODS SOLD			
Proceeds on Silver	\$1,259,572	\$2,062,196	<i>Market Value of Mint-obtained silver, less statutory value of silver</i>
Proceeds on Gold	\$0	\$0	<i>Payments to Treasury's General Fund for profit on gold</i>
Manufacturing and Assembling	\$2,897,381	\$6,380,202	<i>Manufacturing and Assembling (includes statutory value of precious metals)</i>
Shipping and Order Fulfillment	<u>\$625,599</u>	<u>\$2,016,401</u>	<i>Product delivery and Order Fulfillment</i>
Total Cost of Goods Sold	\$4,782,552	\$10,458,799	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	\$6,199,626	\$15,249,812	
SELLING, GENERAL & ADMINISTRATIVE			
Promotional	\$888,234	\$1,450,549	<i>Promotional includes advertising, printing & postage</i>
General & Administrative & Marketing	<u>\$1,275,375</u>	<u>\$4,213,620</u>	<i>Fixed overhead allocated to program</i>
Total Selling, General & Administrative	\$2,163,609	\$5,664,169	
PROFIT BEFORE SURCHARGES	\$4,036,017	\$9,585,643	
SURCHARGE ON REVENUE	\$3,033,160	\$4,946,000	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT(LOSS)	\$1,002,857	\$4,639,643	<i>(Note 2)</i>
POTENTIAL UNRECOVERED MINT INVESTMENT (Note 1)			
Melting	\$1,533	\$2,314	<i>Cost to melt ending inventory and condemned coins</i>
Manufacturing and Assembling	\$69,184	\$267,049	<i>Manufacturing and assembling (without statutory value of precious metals)</i>
Packaging Material	\$4,728	\$70,586	<i>Packaging material that has not been used in manufacturing and assembling</i>
Die Manufacturing	<u>\$0</u>	<u>\$0</u>	<i>Cost of unused dies</i>
TOTAL	\$75,445	\$339,949	
SURCHARGES FORWARDED TO RECIPIENT ORGANIZATIONS	732,994	-	

This report summarizes the unaudited financial activities of the United States Mint's Commemorative Programs and is intended for the sole use of the Banking and Appropriation Subcommittees and should not be used for any other purposes.

Note 1 - The United States Mint's unrecovered investment has been displayed in accordance with the requirements of Sec. 529 of P.L. 104-208, and represents the costs associated with the United States Mint's inventory of coins, packaging material, and dies on hand. If no additional sales were made, these amounts would be charged as expenses of the associated programs.

Note 2 - P.L. 104-208 requires the United States Mint to recover all allocable operation and program costs prior to the release of surcharge funds. The United States Mint will reduce the surcharge payment to recover these costs, as necessary.

COMMEMORATIVE COIN PROGRAMS

FINANCIAL SUMMARY

OCTOBER 1, 2004 THROUGH DECEMBER 31, 2004

	THOMAS EDISON	LEWIS AND CLARK	Description
REVENUE	\$ 1,798,326	\$ 7,286,764	Receipts
COST OF GOODS SOLD			
Proceeds on Silver	\$188,359	\$478,753	<i>Market Value of Mint-obtained silver, less statutory value of silver</i>
Proceeds on Gold	\$0	\$0	<i>Payments to Treasury's General Fund for profit on gold</i>
Manufacturing and Assembling	\$675,545	\$2,106,185	<i>Manufacturing and Assembling (includes statutory value of precious metals)</i>
Shipping and Order Fulfillment	<u>\$113,234</u>	<u>\$628,283</u>	<i>Product delivery and Order Fulfillment</i>
Total Cost of Goods Sold	\$977,138	\$3,213,221	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	\$821,188	\$4,073,543	
SELLING, GENERAL & ADMINISTRATIVE			
Promotional	\$35,508	\$251,692	<i>Promotional includes advertising, printing & postage</i>
General & Administrative & Marketing	<u>\$179,659</u>	<u>\$1,357,799</u>	<i>Fixed overhead allocated to program</i>
Total Selling, General & Administrative	\$215,167	\$1,609,491	
PROFIT BEFORE SURCHARGES	\$606,021	\$2,464,052	
SURCHARGE ON REVENUE	\$426,960	\$1,091,980	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT(LOSS)	\$179,061	\$1,372,072	

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