FY 2004 1st Quarterly Financial Report of the United States Mint Commemorative Coin Programs

1st Quarter reporting period
October 1, 2003 through December 31, 2003

The Wright Brothers and other marks ™ and ©
by the Wright Family Fund, Dayton, Ohio

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 authorized a total of 41 commemorative coin programs between 1982 and 2003, 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 Nation at large. United States Mint commemorative coin programs have collected approximately $429.7 million in surcharges over the past 21 years for many worthy recipient organizations.

The Commemorative Coin Reform Act of 1996 (CCRA), as amended by Title II of Public Law 108-15 (April 23, 2003), requires commemorative coin programs to link public funding of special projects to private support. Recipient organizations are required to show 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 items." The CCRA ensures that the United States Mint recovers the costs of operating such coin programs.

Commemorative coins are beneficial, not only to numismatic enthusiasts and the recipient organizations, but also because they reaffirm the history of our Nation. To ensure that commemorative coin programs reap the benefits of the reforms of 1996, the United States Mint must continue to execute and oversee these coin programs in a conscientious, prudent and business-like manner.

FINANCIAL REPORTING

The attached financial statements provide quarterly and cumulative active program data.

2003 First Flight Centennial Commemorative Coins Program

Program Highlights

Public Law 105-124 authorizes honoring the centennial of the Wright Brothers first flight with the production of up to 100,000 gold ten-dollar; 500,000 silver one-dollar; and 750,000 clad half-dollar coins, to be issued from August 2003 through July 2004. This gold, silver and clad coin series commemorates the 100th anniversary of the Wright brothers' first flight on December 17, 1903, near Kitty Hawk, North Carolina.

Qualifying program surcharges will 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."

The 2003 First Flight Centennial Commemorative Coin Program was featured on the United States Mint website and in holiday catalog this quarter. At the request of the First Flight Centennial Foundation, the United States Mint produced collateral materials, customized coin blow-ups and designed four-color print advertisements that appeared in *Air and Space Magazine*, *Flight Journal Magazine*, *Aircraft Owners & Pilot Association Magazine*, *Auto Pilot Magazine* and *Metro Magazine* – a regional publication that covers the State of North Carolina.

Analysis of Financial Position

In the first quarter of 2004, the United States Mint shipped 378,313 First Flight Centennial Commemorative Coins. This has generated cumulative program revenues of approximately $18.0 million including $3.2 million in surcharges. The costs of goods sold for the first quarter totaled $8.9 million and the selling, general administrative expenses were $2.6 million. The estimated net revenues of $3.3 million will cover forecasted expenses of $0.27 million. The first quarter program activity has posted a net income of $2.6 million.

Future Commemorative Coin Programs

2004 Thomas Alva Edison Commemorative Coin Program

Program Highlights

The Thomas Alva Edison Commemorative Coin Act, Public Law 105-331, authorizes the production of up to 500,000 silver dollar coins. This coin will commemorate the 125th anniversary of the invention of the light bulb by Thomas Edison. The program is scheduled to launch on February 11, 2004.

Program surcharges are authorized to be shared as follows:

1. MUSEUM OF ARTS AND HISTORY- Up to one-eighth to the Museum of Arts and History, in the city of Port Huron, Michigan, for the endowment and construction of a special museum on the life of Thomas A. Edison in Port Huron.

2. EDISON BIRTHPLACE ASSOCIATION- Up to one-eighth to the Edison Birthplace Association, Inc. in Milan, Ohio, to assist in the efforts of the association to raise an endowment as a permanent source of support for the repair and maintenance of the Thomas A. Edison birthplace, a national historic landmark.

3. NATIONAL PARK SERVICE- Up to one-eighth to the National Park Service, for use in protecting, restoring and cataloguing historic documents and objects at the "Invention Factory" of Thomas A. Edison in West Orange, New Jersey.

4. EDISON PLAZA MUSEUM- Up to one-eighth to the Edison Plaza Museum in Beaumont, Texas, for expanding educational programs on Thomas A. Edison and for the repair and maintenance of the museum.

5. EDISON WINTER HOME AND MUSEUM- Up to one-eighth to the Edison Winter Home and Museum in Fort Myers, Florida, for historic preservation, restoration, and maintenance of the historic home and chemical laboratory of Thomas A. Edison.

6. EDISON INSTITUTE- Up to one-eighth to the Edison Institute, otherwise known as "Greenfield Village" in Dearborn, Michigan, for use in maintaining and expanding displays and educational programs associated with Thomas A. Edison.

7. EDISON MEMORIAL TOWER- Up to one-eighth to the Edison Memorial Tower in Edison, New Jersey, for the preservation, restoration and expansion of the tower and museum.

8. HALL OF ELECTRICAL HISTORY- Up to one-eighth to the Schenectady Museum Association in

Schenectady, New York, for the historic preservation of materials of Thomas A. Edison and for the development of educational programs associated with Thomas A. Edison.

2004 Lewis and Clark Commemorative Coin Program

Program Highlights

The Lewis and Clark Expedition Bicentennial Commemorative Coin Act, Public Law 106-126, authorizes the production of up to 500,000 silver dollar coins. The coin will commemorate the bicentennial of the historic expedition conducted by the Corps of Discovery. Program surcharges are authorized to be paid to the National Lewis and Clark Bicentennial Council (two-thirds) and the National Park Service (one-third), for activities associated with celebrating the bicentennial of the Lewis and Clark Expedition.

The United States Mint, in conjunction with the recipient organizations of the Lewis and Clark Expedition Bicentennial Commemorative Coin Program, has established May 2004, for the launch of this program. This bicentennial program will feature a coin and currency set and a limited-edition set that includes a handmade Native American pouch.

MARKET-BASED RESEARCH FOR ALL COMMEMORATIVE COIN PROGRAMS

As part of our overall marketing research program, during the third quarter of calendar year 2003, focus groups were conducted with active United States Mint customers to provide input regarding 2003 and 2004 commemorative coin programs. Information collected in this research helps the United States Mint to gauge the level of customer appeal for current and future commemorative coin issues.

EFFORTS OF THE UNITED STATES MINT IN KEEPING THE SALE PRICE OF COMMEMORATIVE NUMISMATIC ITEMS AS LOW AS PRACTICABLE

Commemorative coin pricing entails estimating consumer demand and costs associated with producing and selling the item. The United States Mint also continually strives to achieve the greatest efficiencies in the production of commemorative coins to keep the prices as low as practicable. As an additional cost cutting effort, the United States Mint now produces graphic arts and promotional materials in-house.

CONCLUSION

As of December 31, 2003, no legislation has been enacted for any future commemorative coin programs.

As of DECEMBER 31, 2003

2003 First Flight										
Option Code	**Description**	**Sets**	**Coins Gold Proof**	**Coins Gold Uncirculated**	**Coins Silver Proof**	**Coins Silver Uncirculated**	**Coins Clad Proof**	**Coins Clad Uncirculated**	**Revenue**	**Surcharges at $35,$10&$1**
2E1	Gold Proof	19,122	19,122						$ 6,752,750.00	$669,270
2E2	Gold Uncirculated	7,498		7,498					$ 2,571,370.00	$262,430
2E3	Silver Proof	166,281			166,281				$ 5,623,243.60	$1,662,810
2E4	Silver Uncirculated	45,518				45,518			$ 1,428,608.60	$455,180
2E5	Clad Proof	93,715					93,715		$ 1,189,887.00	$93,715
2E6	Clad Uncirculated	46,179	0	0	0	0	0	46,179	$ 458,637.00	$46,179
	Total	378,313	19,122	7,498	166,281	45,518	93,715	46,179	$18,024,496	$3,189,584
			tot gold	26,620	tot silver	211,799	tot clad	139,894		
							total coins	378,313		

COMMEMORATIVE COIN PROGRAMS

FINANCIAL SUMMARY

OCTOBER 1, 2003 THROUGH DECEMBER 31, 2003

	FIRST FLIGHT CENTENNIAL	Description
REVENUE	**$11,391,866**	Receipts
COST OF GOODS SOLD		
Proceeds on Silver	$779,004	*Market Value of Mint-obtained silver, less statutory value of silver*
Proceeds on Gold	$1,106,536	*Payments to Treasury's General Fund for profit on gold*
Manufacturing and Assembling	$1,624,453	*Manufacturing and Assembling (includes statutory value of precious metals)*
Shipping and Order Fulfillment	$1,390,633	*Product delivery and Order Fulfillment*
Total Cost of Goods Sold	$4,900,626	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	**$6,491,240**	
SELLING, GENERAL & ADMINISTRATIVE		
Promotional	($20,635)	*Promotional includes advertising, printing & postage*
General & Administrative & Marketing	$1,379,112	*Fixed overhead allocated to program*
Total Selling, General & Administrative	$1,358,477	
PROFIT BEFORE SURCHARGES	$5,132,763	
SURCHARGE ON REVENUE	$2,521,399	*Proceeds collected for recipient organizations*
ESTIMATED PROGRAM PROFIT(LOSS)	**$2,611,364**	

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.

This Interim Profit and Loss analysis was prepared using the modified accrual basis of accounting.

COMMEMORATIVE COIN PROGRAMS

FINANCIAL SUMMARY

FROM INCEPTION THROUGH DECEMBER 31, 2003

	FIRST FLIGHT CENTENNIAL	Description
REVENUE	**$ 18,024,496.20**	*Receipts*
COST OF GOODS SOLD		
Proceeds on Silver	$781,295	*Market Value of Mint-obtained silver, less statutory value of silver*
Proceeds on Gold	$3,912,341	*Payments to Treasury's General Fund for profit on gold*
Manufacturing and Assembling	$2,248,519	*Manufacturing and Assembling (includes statutory value of precious metals)*
Shipping and Order Fulfillment	$1,942,936	*Product delivery and Order Fulfillment*
Total Cost of Goods Sold	$8,885,091	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	**$9,139,405**	
SELLING, GENERAL & ADMINISTRATIVE		
Promotional	$559,822	*Promotional includes advertising, printing & postage*
General & Administrative & Marketing	$2,054,584	*Fixed overhead allocated to program*
Total Selling, General & Administrative	$2,614,406	
PROFIT BEFORE SURCHARGES	$6,524,999	
SURCHARGE ON REVENUE	$3,189,584	*Proceeds collected for recipient organizations*
ESTIMATED PROGRAM PROFIT(LOSS)	**$3,335,415**	*(Note 2)*
POTENTIAL UNRECOVERED MINT INVESTMENT (Note 1)		
Melting	$2,114	*Cost to melt ending inventory and condemned coins*
Manufacturing and Assembling	$231,669	*Manufacturing and assembling (without statutory value of precious metals)*
Packaging Material	$15,178	*Packaging material that has not been used in manufacturing and assembling*
Die Manufacturing	$20,102	*Cost of unused dies*
TOTAL	$269,063	
SURCHARGES FORWARDED TO RECIPIENT ORGANIZATIONS	**-**	

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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.