



**FY2006 2nd Quarter Financial Report
of the United States Mint**

Commemorative Coin Programs

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 48 commemorative coin programs through 2008, 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 \$448 million in surcharges over the past 23 years for many worthy recipient organizations.

Commemorative coins are beneficial 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 matching funds criterion established by 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 by requiring recipient organizations 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 item." The CCRA makes commemorative coin program recipient organizations partners in bearing the risks of commemorative coin programs, and 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.

2005 Chief Justice John Marshall Commemorative Coin Program

Program Highlights

Legislation for a commemorative coin honoring Chief Justice John Marshall passed in July 2004, and was signed into law by the President on August 6, 2004. The legislation authorizes a silver dollar with a design 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.

The program also includes a Coin & Chronicles Set, which features the Chief Justice John Marshall Uncirculated Silver Dollar, along with an intaglio print of a statue of Marshall and an informative booklet about the Chief Justice and his importance to the Supreme Court, written by the Supreme Court Historical Society. This product was launched July 18, 2005. A proof condition Chief Justice John Marshall Silver Dollar is also included as part of the 2005 United States Mint American Legacy Collection™, which was released July 20, 2005, and has subsequently sold out.

As stipulated in the program's legislation, sales for all remaining product options in the Chief Justice John Marshall Commemorative coin program ended in December 2005.

Analysis of Financial Position

Through the end of the 2nd quarter of FY06, the United States Mint shipped a total of 263,849 coins, generating total program revenue of \$11.8 million. The program collected \$2.64 million in surcharges and showed a profit of approximately \$1.5 million.

A second surcharge payout in the amount of \$932,998 was made on February 8, 2006, payable to the Supreme Court Historical Society, bringing total surcharges paid to \$1,978,867.50 for the program. A third and final payment is scheduled for the third quarter of FY 2006.

2005 Marine Corps 230th Anniversary Commemorative Coin Program

Program Highlights

Legislation passed for a silver dollar honoring the 230th Anniversary of the United States Marine Corps and was signed into law on August 6, 2004. The design is emblematic of the warrior ethos of the United States Marine Corps. The legislation called for a maximum mintage of 500,000 coins, but the Marine Corps Heritage Foundation submitted a request to the Secretary of the Treasury seeking to increase that number to 600,000. That request was granted. The \$10 surcharge per coin is authorized to go to the Marine Corps Heritage Foundation.

In addition to both proof and uncirculated single coin options, the Marine Corps 230th Anniversary Silver dollar was included in two special sets, both of which sold-out in the first quarter of FY2006. An uncirculated coin was included in a coin and stamp set that also contained an original, uncanceled 1945 three-cent United States postage stamp commemorating the battle for Iwo Jima. A proof version of the coin was included in the 2005 United States Mint American Legacy Collection. The Marine Corps Coin & Stamp Set and the United States Mint American Legacy Collection were both limited to 50,000 units.

Analysis of Financial Position

Through the end of the 2nd quarter of FY06, the United States Mint shipped a total of 598,481 coins, generating total program revenue of \$ 23.6 million. The program collected \$ 5.98 million in surcharges and showed a profit of approximately \$ 3.87 million.

The first payment of surcharges collected from the sale of these coins was made February 17, 2006, in the amount of \$2,992,405 payable to the Marine Corps Heritage Foundation. A second payment is scheduled for April, 2006 and will be reported following the 3rd quarter of FY 2006.

2006 Benjamin Franklin Commemorative Coin Program

Public Law 108-464, signed December 21, 2004



On January 17, 2006, a launch event was held in Philadelphia for the 2006 Benjamin Franklin Commemorative Coin Program, coinciding with the great patriot's 300th birthday. This program includes two silver dollars. The "Scientist" coin recreates on its obverse a rendition of Franklin and his legendary kite experiment and the reverse features recreation of Franklin's "Join, or Die" political cartoon which was published in the Pennsylvania Gazette on May 9, 1754. The "Founding Father" coin features a familiar image of Franklin in his later years, based on a bust by Jean-Antoine Houdon and the reverse displays a replica of the 1776 Continental Currency dollar, a



design attributed to Franklin, in honor of his contributions to the development of our Nation's coinage and currency. Sales of individual coin options reached a complete sell-out in just two weeks.

The Benjamin Franklin Coin & Chronicles Set was also placed on sale on January 17, 2006. It includes an uncirculated version of the "Scientist" coin, combined with a replica of a 1758 edition of *Poor Richard's Almanack*, a set of four postage stamps honoring, among other things, Franklin's service as the Nation's first Postmaster General and an intaglio print executed by the Bureau of Engraving and Printing, recalling Benjamin Franklin's contributions to the creation of the Declaration of Independence. This product sold out its 50,000 unit limit in less than one month.

A proof version of the "Founding Father" coin will be included in the 2006 United States Mint American Legacy Collection, which will be offered later in the year. This product is also limited to 50,000 sets.



Analysis of Financial Position

No sales data were recorded for this program in the second quarter. Orders were taken, and the program sold out quickly, but for accounting purposes, sales are not recorded until a coin is issued and shipped to the customer. Shipment of Benjamin Franklin commemorative coins will not begin until April 3, 2006, placing all sales in the third quarter for FY 2006. A detailed accounting of these sales will accompany the third quarter report, including the reporting of those employee expenses, totaling \$1,307.25, associated with the Benjamin Franklin commemorative coin program launch event, which occurred on January 17, 2006 in Philadelphia, Pennsylvania.

2007 Jamestown 400th Anniversary Commemorative Coin Program

Public Law 108-289, signed August 6, 2004

Designs were received for the Jamestown 400th Anniversary Coin Program. This is a 2-coin program with a gold \$5 coin and a silver dollar. Designs for both coins are to be emblematic of the settlement of Jamestown, the first permanent English settlement in America. Designs were reviewed by the recipient organizations and their recommended modifications have been done and the designs have been reviewed for coinability. The designs were reviewed by the Citizens Coin Advisory Committee in January, 2006, and by the Commission of Fine Arts in February. This program is expected to launch in early 2007.

2007 Little Rock Central High School Desegregation 50th Anniversary Coin Program

Public Law 109-146, signed December 22, 2005

This program honors "...the courage of the 'Little Rock Nine,' who stood in the face of violence, [were] influential to the Civil Rights movement and changed American history by providing an example on which to build greater equality." The legislation calls for the minting of 500,000 silver dollars. Surcharges collected from the sale of these coins are authorized to be paid to the Secretary of the Interior for the protection, preservation, and interpretation of resources and stories associated with the Little Rock Central High School National Historic Site. Preliminary meetings were held in the second quarter of FY06, and a request for source materials was made to the recipient organization.

2008 American Bald Eagle Recovery and National Emblem Commemorative Coin Program

Public Law 108-486, signed December 23, 2004

A preliminary meeting was held with the recipient organization for the American Bald Eagle Program, which will launch in 2008. The recipient organization, the American Eagle Foundation, has been asked to provide source materials and design guidance for the three coins (gold, silver and clad), which are expected to launch in early 2008. Designs for this program are to be emblematic of the bald eagle and its history, natural biology and national symbolism.

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

The United States Mint is actively engaged in gathering and analyzing data gathered from focus group sessions as well as information collected through bi-monthly surveys. The purpose of gathering these data is twofold. First, customer satisfaction can be gauged relative to recent product offerings, and second, the success of future products and programs can be estimated.

It should be noted that the United States Mint also uses this information to assess overall customer response to quality, pricing and packaging, and to gain a better understanding of which products will succeed and at what price will they be most attractive to potential customers.

Focus group meetings are conducted around the country to provide input from as diverse a population as possible. They are a valuable tool for the United States Mint when considering themes, packaging and special products. These venues are used to test annual recurring products as well as commemorative coin programs.

Commemorative coin pricing includes estimating consumer demand and costs associated with producing and selling the item.