



FY2007 1st 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 52 commemorative coin programs through 2009, 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 \$456.7 million in surcharges over the past 24 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 margin is total net revenue minus net operating cost less surcharges collected. This quarterly interim analysis was prepared using the accrual basis of accounting.

2006 Benjamin Franklin Commemorative Coin Program

Public Law 108-464, signed December 21, 2004

The 2006 Benjamin Franklin Commemorative Coin Program coincides with the great patriot's 300th birthday. This program includes two silver dollars. Sales of individual coin options began on January 17, 2006, and reached a complete sell-out of individual coin options in just two weeks.

The Benjamin Franklin Coin & Chronicles Set was also placed on sale on January 17, 2006. This product sold out its 50,000 unit limit in less than one month.

A proof version of the "Founding Father" coin was included in the 2006 United States Mint American Legacy Collection™, which sold-out of its 50,000 limit on September 30, 2006.

Analysis of Financial Position

Through the end of the 1st quarter of FY07, the United States Mint shipped a total of 449,826 coins, generating total program revenue of \$ 17 million. The program collected \$ 4.5 million in surcharges and currently shows a margin of approximately \$ 2.5 million.

In November 2006 a surcharge payment of \$1,149,105 was made to the Franklin Institute.

2006 San Francisco Old Mint Commemorative Coin Program

Public Law 109-230, signed June 15, 2006



Legislation signed by President George W. Bush established a commemorative coin program honoring the San Francisco Old Mint, commonly known as the “Granite Lady,” calling for two coins to be designed and sold by the United States Mint in 2006. Constructed between 1870 and 1874, the historic San Francisco Old Mint was one



of the few buildings to survive the disastrous April 18, 1906, earthquake and fire intact.



Designs for the San Francisco Old Mint Commemorative Coin Program were approved by the Secretary on August 4, 2006.



The obverse design of the \$5 gold coin is a rendition of the Old Mint modeled on the original 1869 construction drawing by A.B. Mullett. The reverse design is a replica of the 1906 Half-Eagle Coronet Liberty eagle reverse, designed by Christian Gobrecht.

The obverse design of the silver dollar is a rendition of the San Francisco Old Mint, originally prepared for the San Francisco Mint Medal by Sherl J. Winter. The reverse design is a replica of the 1904 Morgan Silver Dollar eagle reverse, designed by George T. Morgan.

Analysis of Financial Position

Sales of San Francisco Old Mint Commemorative Coins, which began on August 15, 2006, ended in December 2006. Through the end of the first quarter of FY 2007, the United States Mint shipped a total 284,082 coins, generating total program revenue of \$21.4 million. The program collected \$4.29 million in surcharges and currently shows a profit of \$2.2 million.

2007 Jamestown 400th Anniversary Commemorative Coin Program

Public Law 108-289, signed August 6, 2004



This is a 2-coin program with a gold \$5 coin and a silver dollar. Designs for both coins were approved by the Secretary of the Treasury on May 25, 2006, and coin sales were scheduled to begin on January 10, 2007.



The obverse of the \$5 gold coin, designed by United States Mint Sculptor-Engraver John Mercanti, depicts Captain John Smith conversing with an American Indian; and the \$5 gold reverse, by United States Mint Artistic Infusion Program Master Designer Susan Gamble, pictures the Jamestown Memorial Church – the only remaining structure from the original settlement.



The obverse of the silver dollar, designed by recently retired United States Mint Sculptor-Engraver Donna Weaver, depicts “Three Faces of Diversity,”



representing the three cultures that came together in Jamestown, and the reverse of the silver dollar, also by Susan Gamble, depicts the three ships that brought the first settlers to Jamestown: the Godspeed, the Susan Constant and the Discovery. A preliminary accounting of sales revenue will be presented in the report prepared for next quarter (Q2 FY2007).

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



Public Law 109-146, signed December 22, 2005

Seen here, designs for the Little Rock Central High School Desegregation Silver Dollar were approved by the Secretary this quarter. This silver dollar will commemorate the 50th anniversary of the desegregation of Little Rock Central High School in 2007. This will be the second commemorative in 2007 and is expected to launch in mid-May.



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. Designs for this program are to be emblematic of the bald eagle and its history, natural biology and national symbolism.

Source materials were obtained and reviewed for the 2008 American Bald Eagle Commemorative Coin Program. The design assignments are expected to go out to AIP artists and the United States Mint Sculptor/Engravers early next quarter. This is a 3-coin program, including a \$5 gold coin, a silver dollar and a clad half-dollar. Currently this is the only program scheduled for 2008.

2009 Commemorative Coin Programs

Two programs for 2009 were signed into law this quarter. The Louis Braille Commemorative Coin Act was signed on July 27, 2006. This legislation authorizes the Secretary of the Treasury to mint and issue no more than 400,000 silver dollars emblematic of the life and legacy of Louis Braille. The Abraham Lincoln Commemorative Coin Act was signed on September 27, 2006. It authorizes the Secretary of the Treasury to mint and issue no more than 500,000 silver dollars emblematic of the life and legacy of President Abraham Lincoln.

Miscellaneous Surcharge Payments

Recipient organizations associated with both of the commemorative coin programs from calendar year 2004 received surcharge payments in the first quarter of FY07.

Thomas Edison Birthplace Association	\$ 379,145
Edison Institute	\$ 379,145
National Council of the Lewis & Clark Bicentennial	\$ 2,470,020
Missouri Historical Society	\$ 2,470,020

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 a diverse population. 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.

COMMEMORATIVE COIN PROGRAMS
FINANCIAL SUMMARY
FROM INCEPTION THROUGH DECEMBER 31, 2006

	BENJAMIN FRANKLIN	SAN FRANCISCO OLD MINT	Description
REVENUE	\$ 20,348,835	\$ 24,763,893	<i>Receipts</i>
COST OF GOODS SOLD			
Manufacturing and Assembling	\$7,576,163	\$12,555,654	<i>Coin production and product assembling</i>
Order Fulfillment	<u>\$549,513</u>	<u>\$367,194</u>	<i>Warehouse expense</i>
Total Cost of Goods Sold	\$8,125,676	\$12,922,848	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	\$12,223,159	\$11,841,044	
SELLING, GENERAL & ADMINISTRATIVE			
Promotional	\$1,000,000	\$1,200,000	<i>Advertising, printing & postage (ESTIMATED)</i>
Travel	\$2,290	\$3,000	<i>Travel</i>
General & Administrative & Marketing	<u>\$2,529,656</u>	<u>\$2,467,418</u>	<i>Administrative expenses allocated to program</i>
Total Selling, General & Administrative	\$3,531,946	\$3,670,418	
PROFIT BEFORE SURCHARGES	\$8,691,213	\$8,170,626	
SURCHARGE ON REVENUE	\$4,995,570	\$4,791,280	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT(LOSS)	\$3,695,643	\$3,379,346	<i>(Note 2)</i>
POTENTIAL UNRECOVERED MINT INVESTMENT (Note 1)			
Melting	\$1,710	\$5,746	<i>Cost to melt unsold inventory</i>
Manufacturing and Assembling	<u>\$511,527</u>	<u>\$971,695</u>	<i>Coin production and product assembling (without value of precious metals)</i>
TOTAL	\$513,237	\$977,441	
SURCHARGES FORWARDED TO RECIPIENT ORGANIZATIONS	3,369,060	-	

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 potential unrecovered investment has been displayed in accordance with the requirements of Sec. 529 of Public Law 104-208. If no additional sales were made, these amounts would be charged as expenses of the associated programs.

Note 2 - Public Law 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.