



**FY2006 3rd 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 50 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 \$452.4 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 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

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

Analysis of Financial Position

Through the end of the 3rd 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 third, and final, surcharge payout in the amount of \$659,622.50 was made on June 13, 2006, payable to the Supreme Court Historical Society, bringing total surcharges paid to \$2,638,490 for the program.

2005 Marine Corps 230th Anniversary Commemorative Coin Program

Program Highlights

As stipulated in the program's legislation, sales for all product options in the Marine Corps 230th

Anniversary Commemorative Coin Program ended in December 2005.

Analysis of Financial Position

Through the end of the 3rd 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.

A second payment of surcharges collected from the sale of these coins was made June 13, 2006, in the amount of \$2,992,405 payable to the Marine Corps Heritage Foundation, bringing the total of surcharge payments to \$5.98 million.

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. The "Scientist" coin recreates on its obverse a rendition of Franklin and his legendary kite experiment; and the reverse features a recreation of Franklin's "Join, or Die" political cartoon which was originally 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

Through the end of the 3rd quarter of FY06, the United States Mint shipped a total of 443,991 coins, generating total program revenue of \$ 16.8 million. The program collected \$ 4.44 million in surcharges and currently shows a profit of approximately \$ 1.31 million.

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.

As of this writing, designs for these commemorative coins are in the review stages with the Citizens Coinage Advisory Committee (CCAC) and the Commission of Fine Arts (CFA).

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 \$1 coin. Designs for both coins were approved by the Secretary of the Treasury on May 25, 2006.

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.

The United States Mint unveiled the designs to the public in Philadelphia, PA, on June 16, 2006. The unveiling was part of a ceremony, hosted by Jamestown 2007, which saw the arrival in Philadelphia of a full-sized replica of the ship, *Godspeed*, one of the three vessels which carried the original Jamestown settlers from England to the mouth of the Chesapeake Bay in 1607. 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

Work began on designs for the Little Rock Central High School Desegregation Silver Dollar. 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. The designs are expected to be presented to the CCAC and CFA in July and August 2006.

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 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 SEPTEMBER 30, 2006

	BENJAMIN FRANKLIN	Description
REVENUE	\$ 16,789,391	<i>Receipts</i>
COST OF GOODS SOLD		
Manufacturing and Assembling	\$6,605,968	<i>Coin production and product assembling</i>
Order Fulfillment	<u>\$488,390</u>	<i>Warehouse expense</i>
Total Cost of Goods Sold	\$7,094,358	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	\$9,695,033	
SELLING, GENERAL & ADMINISTRATIVE		
Promotional	\$468,153	<i>Advertising, printing & postage</i>
Travel	\$2,290	<i>Travel</i>
General & Administrative & Marketing	<u>\$1,839,293</u>	<i>Administrative expenses allocated to program</i>
Total Selling, General & Administrative	\$2,309,736	
PROFIT BEFORE SURCHARGES	\$7,385,297	
SURCHARGE ON REVENUE	\$4,439,910	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT(LOSS)	\$2,945,387	<i>(Note 2)</i>
POTENTIAL UNRECOVERED MINT INVESTMENT (Note 1)		
Melting	\$5,234	<i>Cost to melt unsold inventory</i>
Manufacturing and Assembling	<u>\$578,189</u>	<i>Coin production and product assembling (without value of precious metals)</i>
TOTAL	\$583,423	
SURCHARGES FORWARDED TO RECIPIENT ORGANIZATIONS	-	

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 P.L. 104-208. 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.