



FY 2004 2nd Quarterly Financial Report of the United States Mint Commemorative Coin Programs



*2nd Quarter reporting period
January 1, 2004 through March 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 42 commemorative coin programs between 1982 and 2004, 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 \$431.3 million in surcharges over the past 22 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. 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 summary provides cumulative program data through the end of the 2nd quarter of FY04. 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), requiring 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 surcharges derived from the sale of the respective commemorative coins.” 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.

2003 First Flight Centennial Commemorative Coin Program

Program Highlights

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

Through March 31, 2004, the United States Mint shipped a total of 416,151 coins generating total program revenue of \$20.8 million. The program has collected \$3.5 million in surcharges and is expected to generate a profit of approximately \$100,000.

The recipient organization will not receive any surcharge distribution until the end of the program in July 2004.

2004 Thomas Alva Edison Commemorative Coins Program



Program Highlights

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

On February 11, 2004, in Dearborn, Michigan, United States Mint Director Henrietta Holsman Fore, in conjunction with The Henry Ford (formerly known as Greenfield Village), launched the Thomas Alva Edison Commemorative Coin at Edison's famous Menlo Park laboratory where he invented the light bulb 125 years ago.

Surcharges from the sale of these coins are authorized to be divided among eight organizations dedicated to paying tribute to Edison. The 2004 Thomas Alva Edison Commemorative Coin began sales on February 11, 2004. These commemorative coins will remain on sale until December 31, 2004, or until it sells out – whichever comes first.

Analysis of Financial Position

Through March 31, 2004, the United States Mint shipped a total of 129,056 coins generating total program revenue of \$4.5 million. The program has collected \$1.3 million in surcharges and is showing a loss of \$640,000. The program, which began on February 11, 2004, is in the beginning stages. As such, it has incurred much of the upfront costs such as promotional expenses. As the program matures, it will be incurring less of these costs. As of March 31, 2004, we anticipate the program will break even by program end.

The recipient organization will not receive any surcharge distribution until the end of the program in December 2004.

2004 Lewis and Clark Bicentennial Commemorative Coin Program

Program Highlights

The 2004 Lewis and Clark Commemorative Coin Act, Public Law 106-126, authorizes the production of up to 500,000 silver dollar coins. This silver dollar will commemorate 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.

The United States Mint, in conjunction with the recipient organizations of the 2004 Lewis and Clark Commemorative Coin Program, have established May 12, 2004, for the launch of this program. This Bicentennial Silver Dollar Commemorative Coin program will feature a limited-edition Coinage & Currency Set and a limited-edition Coin and Pouch Set that includes a handmade American-Indian pouch.

MARKET-BASED RESEARCH FOR ALL 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. Information collected in these research studies helps the United States Mint to gauge the level of customer appeal for current and future coin designs and commemorative coin themes.

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 of MARCH 31, 2004

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	Surcharges at \$35,\$10&\$1
2E1	Gold Proof	20,686	20,686						\$724,010
2E2	Gold Uncirculated	8,671		8,671					\$303,485
2E3	Silver Proof	181,505			181,505				\$1,815,050
2E4	Silver Uncirculated	50,185				50,185			\$501,850
2E5	Clad Proof	103,182					103,182		\$103,182
2E6	Clad Uncirculated	<u>51,922</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,922</u>	<u>\$51,922</u>
	Total	416,151	20,686	8,671	181,505	50,185	103,182	51,922	\$3,499,499
			tot gold	29,357	tot silver	231,690	tot clad	155,104	
						total coins		416,151	

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	86,820			86,820				\$868,200
3C2	Silver Uncirculated	42,236				42,236			\$422,360
	Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>
		129,056	0	0	86,820	42,236	0	0	\$1,290,560
			tot gold	0	tot silver	129,056	tot clad	0	
						total coins		129,056	

COMMEMORATIVE COIN PROGRAMS
FINANCIAL SUMMARY
FROM INCEPTION THROUGH MARCH 31, 2004

	FIRST FLIGHT CENTENNIAL	THOMAS EDISON	Description
REVENUE	\$ 20,751,250	\$ 4,478,691	<i>Receipts</i>
COST OF GOODS SOLD			
Proceeds on Silver	\$1,194,382	\$661,845	<i>Market Value of Mint-obtained silver, less statutory value of silver</i>
Proceeds on Gold	\$4,314,237	\$0	<i>Payments to Treasury's General Fund for profit on gold</i>
Manufacturing and Assembling	\$5,002,704	\$1,438,957	<i>Manufacturing and Assembling (includes statutory value of precious metals)</i>
Shipping and Order Fulfillment	<u>\$1,686,278</u>	<u>\$258,548</u>	<i>Product delivery and Order Fulfillment</i>
Total Cost of Goods Sold	\$12,197,601	\$2,359,350	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	\$8,553,649	\$2,119,341	
SELLING, GENERAL & ADMINISTRATIVE			
Promotional	\$690,752	\$616,154	<i>Promotional includes advertising, printing & postage</i>
General & Administrative & Marketing	<u>\$4,258,071</u>	<u>\$852,638</u>	<i>Fixed overhead allocated to program</i>
Total Selling, General & Administrative	\$4,948,823	\$1,468,792	
PROFIT BEFORE SURCHARGES	\$3,604,826	\$650,549	
SURCHARGE ON REVENUE	\$3,499,499	\$1,290,560	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT(LOSS)	\$105,327	(\$640,011)	<i>(Note 2)</i>
POTENTIAL UNRECOVERED MINT INVESTMENT (Note 1)			
Melting	\$1,719	\$3,227	<i>Cost to melt ending inventory and condemned coins</i>
Manufacturing and Assembling	\$208,703	\$200,932	<i>Manufacturing and assembling (without statutory value of precious metals)</i>
Packaging Material	\$16,586	\$0	<i>Packaging material that has not been used in manufacturing and assembling</i>
Die Manufacturing	<u>\$13,553</u>	<u>\$17,634</u>	<i>Cost of unused dies</i>
TOTAL	\$240,561	\$221,793	
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.

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

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

JANUARY 1, 2004 THROUGH MARCH 31, 2004

	FIRST FLIGHT CENTENNIAL	THOMAS EDISON CENTENNIAL	Description
TOTAL PROGRAM REVENUE	\$ 2,726,754	\$ 4,478,691	Receipts
COST OF GOODS SOLD			
Proceeds on Silver	\$413,087	\$661,845	<i>Market Value of Mint-obtained silver, less statutory value of silver</i>
Proceeds on Gold	\$401,896	\$0	<i>Payments to Treasury's General Fund for profit on gold</i>
Manufacturing and Assembling	\$2,754,185	\$1,438,957	<i>Manufacturing and Assembling (includes statutory value of precious metals)</i>
Shipping and Order Fulfillment	<u>(\$256,658)</u>	<u>\$258,548</u>	<i>Product delivery and Order Fulfillment</i>
Total Cost of Goods Sold	\$3,312,510	\$2,359,350	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	<u>(\$585,756)</u>	<u>\$2,119,341</u>	
LESS: SELLING, GENERAL & ADMINISTRATIVE			
Promotional	\$130,930	\$616,154	<i>Promotional includes advertising, printing & postage</i>
General & Administrative & Marketing	<u>\$2,203,487</u>	<u>\$852,638</u>	<i>Fixed overhead allocated to program</i>
Total Selling, General & Administrative	\$2,334,417	\$1,468,792	
PROFIT/(LOSS) BEFORE SURCHARGES	(\$2,920,173)	\$650,549	
LESS: SURCHARGE ON REVENUE	\$309,915	\$1,290,560	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT/(LOSS)	<u>(\$3,230,088)</u>	<u>(\$640,011)</u>	

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