

# *2006 Benjamin Franklin Commemorative Coin Program*



**FY2006 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 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 attached financial summary provides cumulative program data through the end of the 4th quarter of FY05. 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.

### **2004 Thomas Alva Edison Commemorative Coin Program**

#### ***Program Highlights***

The 2004 Thomas Alva Edison Commemorative Coin Act, Public Law 105-331, authorized the production of up to 500,000 silver dollar coins. This silver dollar commemorates the 125<sup>th</sup> anniversary of the invention of the light bulb by Thomas Alva Edison. Sales began on February 11, 2004, and ended December 29, 2004.

#### ***Analysis of Financial Position***

Through the end of the program, the United States Mint shipped a total of 303,205 coins, including a special set, generating total program revenue of \$10.8 million. The program has collected \$3.0 million in surcharges and is showing a profit of approximately \$ .58 million.

Thus far, the United States Mint has distributed equal surcharge payments of \$379,145 to the Friends of Edison National Historic Site, the Port Huron Museum, the Schenectady Museum and the Edison Winter Home and Museum bringing the total amount of surcharges paid through the program to \$1.52 million.

### **2004 Lewis and Clark Expedition Bicentennial Commemorative Coin Program**

#### ***Program Highlights***

The 2004 Lewis and Clark Expedition Bicentennial Commemorative Coin Act, Public Law 106-126,

authorized the production of up to 500,000 silver dollar coins. This silver dollar commemorates 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 sold the coin between May 12 and December 23, 2004.

***Analysis of Financial Position***

Through the end of the program, the United States Mint shipped a total of 494,004 coins (including special sets), generating total program revenue of \$25.1 million. The program collected \$ 4.94 million in surcharges and showed a profit of approximately \$4.56 million.

**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 1st quarter of FY06, the United States Mint sold 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/loss of approximately \$1.5 million. Profits for this commemorative coin will fluctuate throughout the life of the program, as both sales and expenses continue to be recorded.

The United States Mint distributed a surcharge payment of \$1,045,870 to the Supreme Court Historical Society on December 13, 2005.

**2005 Marine Corps 230<sup>th</sup> Anniversary Commemorative Coin Program**

***Program Highlights***

Legislation passed for a silver dollar honoring the 230<sup>th</sup> Anniversary of the United States Marine Corps and was signed into law on August 6, 2004. The design is to be emblematic of the warrior ethos of the United States Marine Corps. The legislation calls 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 230<sup>th</sup> 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 1st quarter of FY06, the United States Mint sold 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/loss of approximately \$ 3.87 million. Profits for this commemorative coin will fluctuate throughout the life of the program, as both sales and expenses continue to be recorded.

### **2006 Benjamin Franklin Commemorative Coin Program**

*Public Law 108-464, signed December 21, 2004*



On December 19, 2005, a strike event was held at the Philadelphia Mint facility for the 2006 Benjamin Franklin Commemorative Coin Program. This program includes two silver dollars. The "*Scientist*" coin which recreates on its obverse a rendition of Franklin and his legendary kite experiment and on the reverse a recreation of Franklin's political "*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 features 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. This will be the first commemorative coin program in 2006, with an on-sale date of January 17, 2006.



The Benjamin Franklin Coin & Chronicles Set will also be 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.

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.

### **2007 Jamestown 400<sup>th</sup> Anniversary Commemorative Coin Program**

*Public Law 108 - 289, signed August 6, 2004*

Designs were received for the Jamestown 400<sup>th</sup> 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 are scheduled to be 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 50<sup>th</sup> 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 are scheduled for the second quarter of FY06.

**2008 American Bald Eagle Recovery and National Emblem Commemorative Coin Program**

*Public Law 108-486, signed December 23, 2004*

As reported in the second quarter, 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**

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 commemorative coin programs. The United States Mint is using this focus group data to gauge the level of customer appeal for products to help support future commemorative coin programs.

Commemorative coin pricing includes estimating consumer demand and costs associated with producing and selling the item. The United States Mint continually strives to achieve the greatest efficiencies in the production of commemorative coins to keep the prices as low as possible.

# COMMEMORATIVE COIN PROGRAMS

## FINANCIAL SUMMARY

### FROM INCEPTION THROUGH DECEMBER 31, 2005

	JOHN MARSHALL	CORP	Description
REVENUE	<b>\$ 11,819,115</b>	<b>\$ 23,644,813</b>	<i>Receipts</i>
COST OF GOODS SOLD			
Proceeds on Gold	\$0	\$0	<i>Payments to Treasury's General Fund for profit on gold</i>
Manufacturing and Assembling	\$4,662,665	\$9,289,819	<i>Coin production and product assembling</i>
Shipping and Order Fulfillment	<u>\$597,917</u>	<u>\$917,567</u>	<i>Product delivery and warehouse expense</i>
Total Cost of Goods Sold	\$5,260,582	\$10,207,386	
RESULTS BEFORE SELLING, GENERAL & ADMINISTRATIVE	<b>\$6,558,533</b>	<b>\$13,437,427</b>	
SELLING, GENERAL & ADMINISTRATIVE			
Promotional	\$1,076,520	\$691,547	<i>Advertising, printing &amp; postage</i>
General & Administrative & Marketing	<u>\$1,346,091</u>	<u>\$2,893,056</u>	<i>Administrative expenses allocated to program</i>
Total Selling, General & Administrative	\$2,422,611	\$3,584,603	
PROFIT BEFORE SURCHARGES	\$4,135,922	\$9,852,824	
SURCHARGE ON REVENUE	\$2,638,490	\$5,984,810	<i>Proceeds collected for recipient organizations</i>
ESTIMATED PROGRAM PROFIT(LOSS)	<b>\$1,497,432</b>	<b>\$3,868,014</b>	<i>(Note 2)</i>
POTENTIAL UNRECOVERED MINT INVESTMENT (Note 1)			
Melting	\$1,492	\$1,548	<i>Cost to melt ending inventory and condemned coins</i>
Manufacturing and Assembling	\$225,771	\$118,286	<i>Coin production and product assembling (without value of precious metals)</i>
Packaging Material	\$64,766	\$47,828	<i>Packaging material that has not been used in coin production and assembling</i>
Die Manufacturing	<u>\$0</u>	<u>\$0</u>	<i>Cost of unused dies</i>
TOTAL	\$292,029	\$167,662	
SURCHARGES FORWARDED TO RECIPIENT ORGANIZATIONS	<b>1,045,870</b>	-	

*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 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.*