

UNITED STATES MINT



2014 ANNUAL REPORT

DEPUTY DIRECTOR'S LETTER

I am pleased to present the United States Mint's Annual Report for Fiscal Year 2014. Once again this year, the men and women of the United States Mint delivered outstanding results for the nation. This annual report tells their story by showing how we focus on our customers and drive continuous improvement into every facet of our operations.

The United States Mint (Mint) is a customer driven organization that operates in three distinct areas. The circulating program facilitates commerce across the nation, the bullion coin program meets the needs of investors around the globe, and the numismatic program produces special coins and medals—many of which are authorized by individual public laws. We are the largest Mint in the world, but we do not act that way. We are a lean and nimble manufacturing success story delivering dramatically reduced costs; exciting new products and customer service; impressive environmental and safety performance; and cutting edge technology.

The Fiscal Year (FY) 2014 results are impressive and really speak for themselves, but they don't tell the whole story. The real story at the Mint over the last several years has been about the customer. We have invested our energy to really understand our customers, who they are and what they value. We have aligned our operations to provide them the highest quality products, on time, and at the lowest possible costs. The FY 2014 results, both the hard numbers and the more soft service improvements, are the dividends earned from our renewed customer focus.

CIRCULATING COINS

The Mint delivered 13.0 billion circulating coins to the Federal Reserve Banks in FY 2014, an increase of 21.9 percent from the 10.7 billion in FY 2013. We worked hard to keep our fixed costs flat while delivering this increased production. In FY 2014, the cost to produce a penny was down another 9.3 percent from FY 2013; the nickel was down 14.0 percent; the dime was down 14.3 percent; and the quarter was down 14.8 percent. Our cost to produce a penny and nickel in FY 2014 is the lowest since FY 2009; the cost of the dime is the lowest since FY 2006; and the cost of the quarter is the lowest since FY 2005.

But these numbers need some context—the Mint team has delivered these results in the face of rising raw materials costs for our metals. Since FY 2005, the cost of copper is up 107 percent and the cost of nickel is up 9 percent. So, depending on the coin, the Mint is able to produce circulating coins today at the same cost as we did between five and nine years ago. This does not happen without the circulating coin team delivering record productivity improvements for its customers. As a result, the Mint returned \$250 million in circulating seigniorage to the Treasury General Fund in FY 2014.

THE MINT RETURNED \$250 MILLION IN CIRCULATING SEIGNIORAGE TO THE TREASURY GENERAL FUND IN FY 2014.



Richard A. Peterson
United States Mint
Deputy Director

I would like to recognize the teams at our circulating plants in Denver and Philadelphia for their outstanding performance.

BULLION

FY 2014 bullion coin sales mirrored their broader commodity markets throughout the year as investors sought different asset classes. Gold ounces were down 42.4 percent from FY 2013 and silver ounces were also down by 12.7 percent. Gold and silver prices dropped as well between 2013 and 2014 with our average cost of gold down 15.6 percent in 2014 and silver down 25 percent. However, the year in bullion did have many highlights.

The Mint has been working tirelessly with its supply base since FY 2008 to increase the availability of silver blanks, and in FY 2014 we completed a multi-year program to increase blank supply to more than 50 million blanks per year. We lifted allocation limits on silver bullion coins in June 2014 and were able to produce both gold and silver bullion coins to demand in FY 2014. Importantly, the Mint was able to fulfill demand when other global mints resumed allocation briefly late in the year. Finally, in FY 2014, the Mint resumed production of the one ounce platinum bullion coin that we had discontinued in FY 2009 as a result of the economic crisis. Albeit at low production, resuming platinum bullion was a significant milestone for the Mint and demonstrated our commitment to better serve our bullion coin customers.

NUMISMATIC COINS AND MEDALS

The year for numismatics was highlighted by two blockbuster products and the completion of our multi-year program to upgrade our e-Commerce website. Overall, our unit volumes were up 3.9 percent to 5.7 million in FY 2014 from 5.5 million in FY 2013. Revenues again exceeded the half-billion dollar mark at \$504.5 million.

Importantly, our coin design team and artists completed a multi-year program to deliver all coin designs at least one year ahead of their planned manufacturing dates. As we enter FY 2015, not only are all coin designs for calendar year 2015 completed, but so are the recurring designs for calendar 2016 as well. This achievement enables unprecedented flexibility in our manufacturing operations, and we plan to leverage that for the benefit of our customers over the coming years.

The 2014 Baseball Hall of Fame Commemorative Coin Program was a resounding success. The authorizing legislation called for a nation-wide design competition, curved gold and silver coins and specific mintage limits. It also called for a clad coin, but it was not required to be curved. I challenged our technology team to experiment with ways to make the clad coin curved as well. An optimum balance of annealing times, temperatures, press tonnage and curvature yielded the world's first curved clad coin. We also partnered with another government agency, the General Services Administration, to leverage their software platform to manage the design competition and keep our expenses low. The Baseball Hall of Fame Commemorative coins have been very popular and showcased the creativity of our Mint team.

2014 is the 50th anniversary of the Kennedy half-dollar, the golden anniversary. Our market research showed that a gold version of this iconic coin would be well-received by our customers. Then, one of our employees in San Francisco sent me an e-mail suggesting that we restore the artwork on the Kennedy design to more closely match the original 1964 design. Our technology team went to work, and we created an absolutely stunning reproduction that recaptures all the nuances of President Kennedy's image from the 1964 design that had been lost over the years. We offered these coins in 24 karat gold, a four-coin set of silver, and an attractive clad set to appeal to the full range of numismatic collectors. The customer response was overwhelming.

WE SET THE BAR HIGH WHEN WE SET OUT SEVERAL YEARS AGO TO UPGRADE OUR E-COMMERCE WEBSITE. AS ONE OF THE LARGEST INTERNET RETAILERS IN THE COUNTRY TODAY, WE NEEDED A SITE THAT COULD HANDLE OUR PEAK VOLUMES ON THE DAY OF A PRODUCT LAUNCH.

DESIGNING AND PRODUCING THESE MEDALS, DELIVERING THEM TO CONGRESS, AND PARTICIPATING IN THE PRESENTATION CEREMONIES IS A SOLEMN HONOR FOR ALL EMPLOYEES OF THE UNITED STATES MINT.

We set the bar high when we set out several years ago to upgrade our e-Commerce website. As one of the largest internet retailers in the country today, we needed a site that could handle our peak volumes on the day of a product launch. But we wanted more for our customers—we wanted a state-of-the-art system that operated in the cloud; was scalable; gave us up-to-the-minute sales and marketing data; improved product delivery times to our customers; and, of course, reduced our operating expenses. The new e-Commerce site has operated flawlessly since going live as the clock struck midnight between September 30 and October 1, 2014. The new system delivers everything we set out to achieve and was completed on time and under budget. The effort was

huge and involved hundreds of our employees in the Information Technology, Sales and Marketing, Finance and Protection departments. Their dedication to our customers will be felt for decades to come, and I thank each and every one for a job well done.

The Mint is proud of the role we play in supporting the Congressional Gold Medal program. The Congressional Gold Medal is the highest honor that Congress can bestow and in FY 2014 Congress honored Native American Code Talkers from World War One and Two; Rev. Dr. Martin Luther King, Jr. and Coretta Scott King; then Israeli President Shimon Peres; Raoul Wallenberg; and the Fallen Heroes of September 11. Each medal is designed in consultation with the honored person or group, and the Mint staff gets to hear their stories, often first hand. Without fail, the Mint team is humbled by the honorees and their selfless and passionate contributions to the United States and the world. Designing and producing these medals, delivering them to Congress, and participating in the presentation ceremonies is a solemn honor for all employees of the United States Mint.

This year, I complete my fourth year as the Mint's Acting Director/Deputy Director. We had an outstanding year in FY 2014, and it remains my honor to serve our country as the leader of such an awe-inspiring team. We hope you will visit us at our website www.USMINT.gov or visit us in person at the Denver or Philadelphia mints where we offer public tours. The United States Mint is focused on our customers and ready for the challenges and opportunities ahead.

Sincerely,



Richard A. Peterson, Deputy Director



Front row, left to right: Marc Landry, Sales and Marketing Acting Associate Director and Philadelphia Plant Manager; Beverly Babers, Chief Administrative Officer; Richard Peterson, Deputy Director; Dave Croft, Manufacturing Associate Director; Annie Brown, Workforce Solutions Associate Director
Second row, left to right: Dennis O'Connor, Chief of Police; Randall Johnson, Denver Plant Manager; April Stafford, Design Management Division Manager; Eric Anderson, Executive Secretary; B.B. Craig, Associate Director for Environment, Safety, and Health; Jean Gentry, Acting Chief Counsel; Jon Cameron, Office of Coin Studies Director; Ellen McCullom, West Point Plant Manager; Larry Eckerman, San Francisco Plant Manager; William G. Norton, Jr., Legislative and Intergovernmental Affairs Director; Lauren Buschor, CIO; Thomas Jurkowsky, Office of Corporate Communications Director. Not pictured: David Motl, CFO

ORGANIZATIONAL PROFILE

OUR MISSION: Serve the American people by manufacturing and distributing circulating, precious metal and collectible coins, and national medals, and providing security over assets entrusted to us.

OUR VISION: Become the finest mint in the world, through excellence in our people, products, customer service, and workplace.

Established in 1792, the United States Mint (Mint) is the world's largest coin manufacturer. Since Fiscal Year (FY) 1996, the Mint has operated under the Public Enterprise Fund (PEF) (31 U.S.C. § 5136). The PEF enables the Mint to operate without an appropriation. We generate revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public, and bullion coins to authorized purchasers. Revenue in excess of amounts required by the PEF is transferred to the United States Treasury General Fund.

The Mint operates six facilities and employs approximately 1,600 employees across the United States. Each facility performs unique functions critical to our overall operations. Manufacturing facilities in Philadelphia and Denver produce coins of all denominations for circulation. Both facilities also produce dies for striking coins. All sculpting and engraving of coin and medal designs is performed in Philadelphia. Production of numismatic products, including bullion coins, is primarily performed at facilities in San Francisco and West Point. All four production facilities produce commemorative coins as authorized by federal laws. The United States Bullion Depository at Fort Knox stores and safeguards United States gold bullion reserves. Administrative and oversight functions are performed at our Headquarters in Washington, D.C.

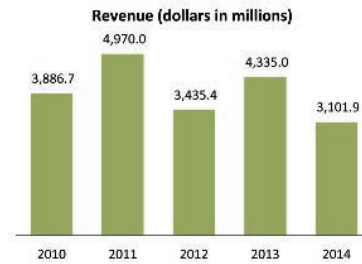
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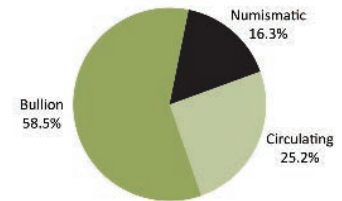
THE UNITED STATES MINT AT A GLANCE

UNITED STATES MINT (MINT)

The men and women of the Mint manufacture and distribute circulating coins, precious metal and collectible coins, and national medals to meet the needs of the United States. Our vision is to become the finest mint in the world, through excellence in our people, products, customer service, and workplace.

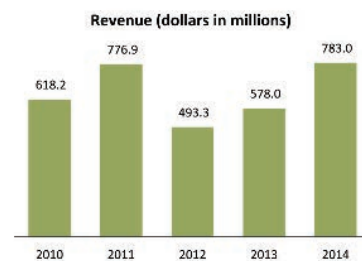


Revenue by Line of Business (percent of total)

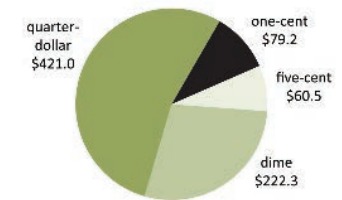


CIRCULATING COINAGE

The Mint is the sole manufacturer of legal tender coinage in the United States. The Mint's highest priority is to efficiently and effectively mint and issue circulating coinage.

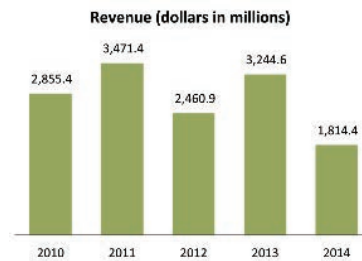


Revenue by Denomination (dollars in millions)

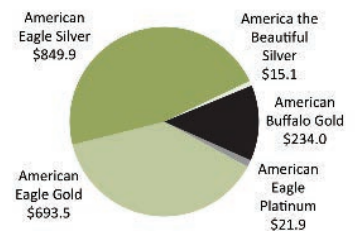


BULLION COINS

The Mint is the world's largest producer of gold and silver bullion coins. In 2014, we reintroduced platinum bullion coins for sale. The bullion coin program provides consumers a simple and tangible means to acquire precious metal coins. Investors purchase bullion coins for the intrinsic metal value and the United States Government's guarantee of each coin's metal weight, content, and purity.

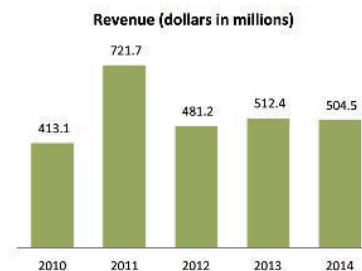


Revenue by Program (dollars in millions)

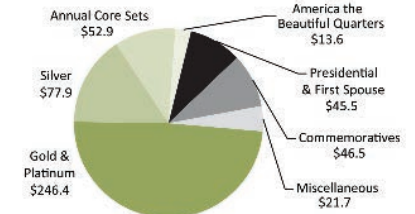


NUMISMATIC PRODUCTS

The Mint prepares and distributes numismatic products for collectors and those who desire high-quality versions of coinage. Most of our recurring products are required by federal statute. Others are required by individual public laws.

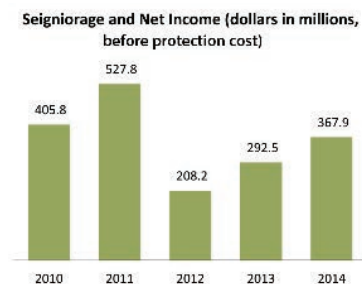


Revenue by Program (dollars in millions)

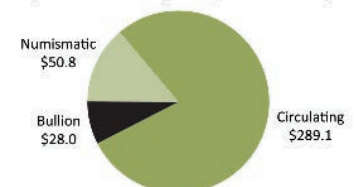


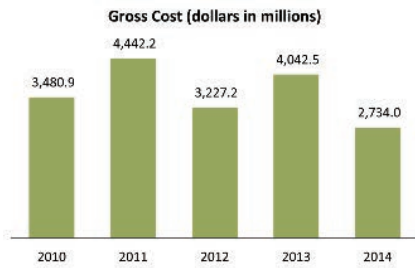
SEIGNIORAGE AND NET INCOME

Seigniorage is the difference between the face value and cost of producing circulating coinage. The Mint transfers seigniorage to the Treasury General Fund to help finance national debt. Net income from bullion and numismatic operations can also fund federal programs.



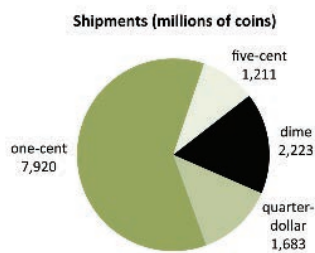
Seigniorage and Net Income by Line of Business (dollars in millions, before protection cost)





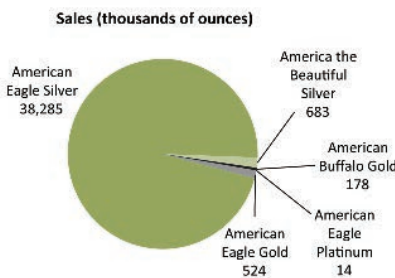
2014 PERFORMANCE

FY 2014 revenue was \$3,101.9 million, a decrease of 28.4 percent compared to last year, mainly due to decreased demand for bullion coins and lower precious metal prices. Cost of goods sold (COGS) decreased 33.8 percent to \$2,582.6 million, reflecting the lower bullion coin demand and lower metal prices. Selling, general and administrative (SG&A) expenses increased 5.7 percent from last year, mainly due to a one-time investment to improve our numismatic e-Commerce website and order fulfillment system. Total seigniorage and net income before Protection expenses increased 25.8 percent to \$367.9 million compared to last year, reflecting the impact of increased circulating coinage shipments.



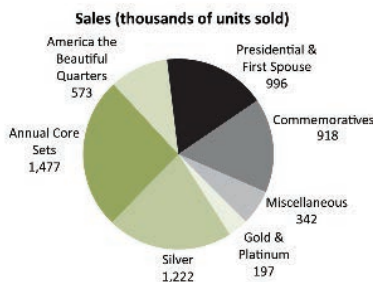
CIRCULATING COINAGE

Circulating coin shipments increased 21.9 percent to 13,037 million coins in FY 2014. Quarter-dollar coin shipments experienced the strongest annual percentage growth at 58.5 percent compared to last year. Circulating revenue increased 35.5 percent to \$783.0 million. Seigniorage increased 110.4 percent to \$289.1 million. Seigniorage per dollar issued increased to \$0.37 from \$0.24 last year.



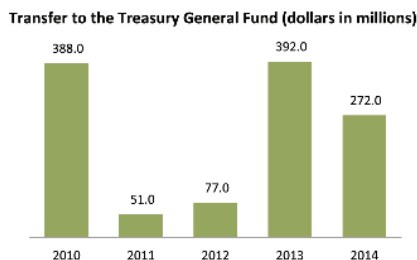
BULLION COINS

Demand for bullion coins slowed in FY 2014 compared to last year's record-setting volume. The Mint sold 39.7 million ounces of gold, silver, and platinum bullion coins, a decrease of 6.2 million ounces from last year. Total bullion revenue decreased 44.1 percent to \$1,814.4 million in FY 2014, primarily due to a 52.6 percent decrease in gold bullion coin revenues from lower demand and lower gold spot prices. Bullion coin net income decreased 52.8 percent to \$28 million and bullion coin net margin decreased to 1.5 percent compared to 1.8 percent last year.



NUMISMATIC PRODUCTS

Numismatic sales increased 3.9 percent to 5.7 million units in FY 2014. Numismatic revenues decreased 1.5 percent to \$504.5 million as decreases in silver products and annual sets sales were partially offset by a \$32.2 million increase in gold and platinum product and a \$23.5 million increase in commemorative product revenues. Numismatic net income decreased 47 percent to \$50.8 million (before protection expenses). Numismatic net margin decreased to 10.1 percent compared to 18.7 percent last year.



TRANSFER TO THE GENERAL FUND

In FY 2014, the Mint transferred \$272 million to the Treasury General Fund from the United States Mint Public Enterprise Fund. The Mint transferred \$250 million of seigniorage as a non-budget transfer. In the second quarter, the Mint made a budget transfer of \$22 million from FY 2013 numismatic program results.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MEET THE NATION'S NEED FOR CIRCULATING COINS

CIRCULATING

As America's sole manufacturer of legal tender coinage, the efficient and effective production and distribution of coinage is the Mint's highest priority.

We mint and issue circulating coins to the Federal Reserve Banks (FRB) in quantities to support their service to commercial banks and other financial institutions. These financial institutions then meet the coinage needs of retailers and the public. The Mint recognizes revenue from the sale of circulating coins at face value when they are shipped to the FRB.

CIRCULATING RESULTS FY 2014 circulating coin shipments to the FRB increased by 2.3 billion units (21.9 percent) to a total 13.0 billion coins compared to last year. The year saw a marked 58.5 percent increase in quarter-dollar shipments, which drove increases in revenues and seigniorage.

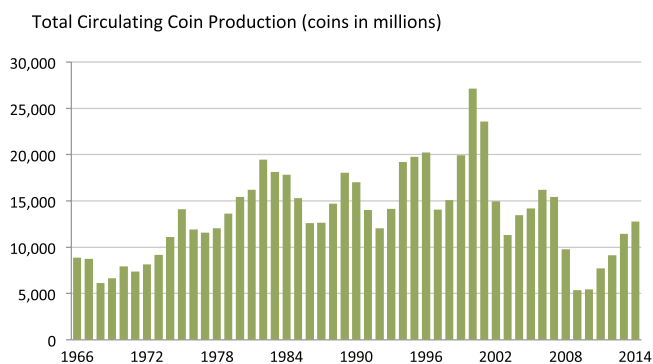
Shipment volumes increased for all denominations.

As a percentage of total shipments, quarter-dollar shipments increased from 10 percent in FY 2013 to 13 percent in FY 2014. In contrast, the percentage of total shipments for all other denominations decreased 1 percentage point.

FY 2014 circulating revenue was \$783.0 million, 35.5 percent higher than \$578.0 million last year, primarily because of a 58.5 percent increase in quarter-dollar revenues. FY 2014 seigniorage was \$289.1 million, 110.4 percent higher than last year, mainly because of increased quarter-dollar shipments and lower metal costs. Lower metal costs this year compared to last year saved approximately \$28.8 million in minting and issuing the 13.0 billion coins ordered by the FRB. The Mint also controlled indirect costs, allowing the increased shipments to generate more seigniorage. Plant costs at the production facilities at Denver and Philadelphia decreased 5.2 percent, despite the 21.9 percent increase in coin production. General and administrative costs increased slightly with increased research and development expenses. Seigniorage per \$1 issued was \$0.37 in FY 2014, versus \$0.24 last year.

FY 2014 unit costs decreased for all denominations compared to last year. This was because we produced more units for all denominations and reduced metal costs. By keeping indirect costs down in the face of increased demand, fixed costs were spread among more units. The unit cost for both pennies (1.7 cents) and nickels (8.1 cents) remained above face value for the ninth consecutive fiscal year. Although there was higher demand, lower unit costs generated a smaller FY 2014 net loss (\$90.5 million) for these two denominations compared to FY 2013 (\$104.5 million).

Compared to last year, the average spot prices for zinc increased 8.4 percent to \$2,080.92 per tonne, nickel increased 3.9 percent to \$16,394.01 per tonne, and average copper prices fell 6.9 percent to \$6,993.38 per tonne.

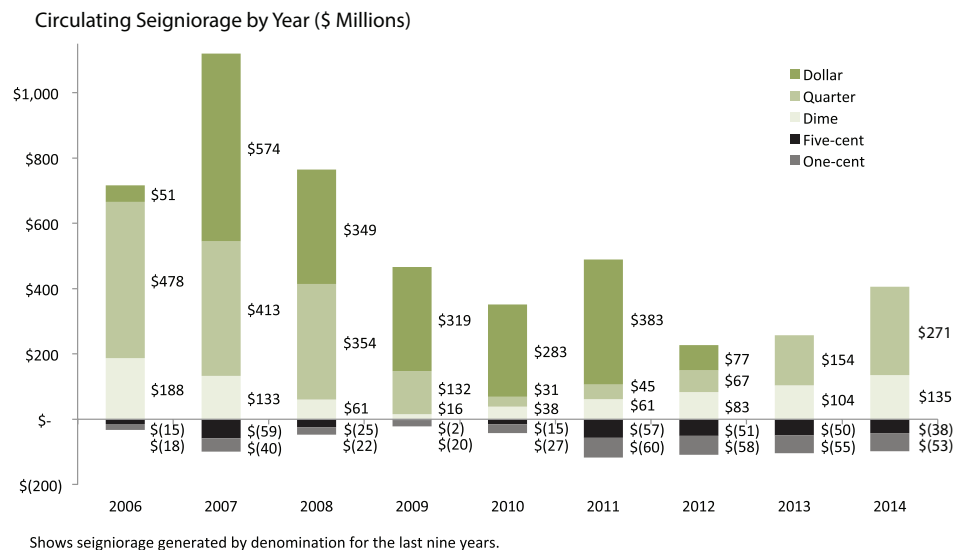


ALTERNATIVE METALS

The Mint submitted its first biennial report to Congress in December 2012, which evaluated 29 potential alternative metal alloys for circulating coins. Since then, the Mint focused on full-scale production testing of six alternative metal alloys while expanding its outreach to industry stakeholders regarding how the use of these alternative metals for circulating coins may affect commerce. The Mint's research included alternative manufacturing methods that would reduce the cost of producing circulating coins. The Mint delivered the second biennial report to Congress in December 2014. The Mint's biennial reports are available at our website at www.usmint.gov.



Test pieces at the Philadelphia Mint.



CIRCULATING (coins and dollars in millions except seigniorage per \$1 issued)

	2014	2013	2012	2011	2010	% Change 2013 to 2014
Coin Shipments	13,037	10,696	9,082	7,396	5,399	21.9%
Value of Shipments	\$ 783.0	\$ 578.0	\$ 493.3	\$ 776.9	\$ 618.2	35.5%
Gross Cost	\$ 493.9	\$ 440.6	\$ 387.4	\$ 428.1	\$ 317.4	12.1%
Cost of Goods Sold	\$ 435.4	\$ 383.7	\$ 325.8	\$ 364.7	\$ 239.2	13.5%
Selling, General & Administrative	\$ 58.5	\$ 56.9	\$ 61.6	\$ 63.4	\$ 78.2	2.8%
Seigniorage	\$ 289.1	\$ 137.4	\$ 105.9	\$ 348.8	\$ 300.8	110.4%
Seigniorage per \$1 Issued	\$ 0.37	\$ 0.24	\$ 0.21	\$ 0.45	\$ 0.49	54.2%

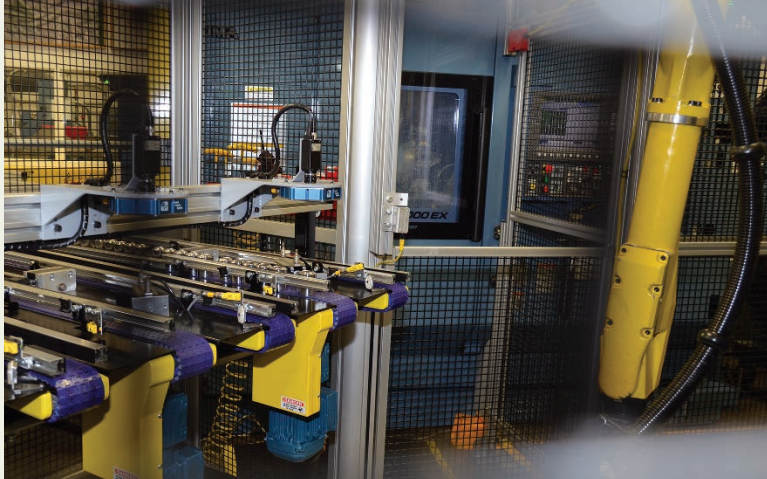
SHIPMENTS, COSTS, AND SEIGNIORAGE BY DENOMINATION

(coins and dollars in millions except seigniorage per \$1 issued)

2014	One-Cent	Five-Cent	Dime	Quarter-Dollar	Dollar	Mutilated & Other	Total
Coins Shipments	7,920	1,211	2,223	1,683	–	–	13,037
Value of Shipments	\$ 79.2	\$ 60.5	\$ 222.3	\$ 421.0	\$ –	\$ –	\$ 783.0
Gross Cost	\$ 132.1	\$ 98.1	\$ 87.1	\$ 150.5	\$ –	\$ 26.1	\$ 493.9
Cost of Goods Sold	\$ 115.3	\$ 85.7	\$ 76.1	\$ 132.2	\$ –	\$ 26.1	\$ 435.4
Selling, General & Administrative	\$ 16.8	\$ 12.4	\$ 11.0	\$ 18.3	\$ –	\$ –	\$ 58.5
Seigniorage	\$ (52.9)	\$ (37.6)	\$ 135.2	\$ 270.5	\$ –	\$ (26.1)	\$ 289.1
Seigniorage per \$1 Issued	\$ (0.67)	\$ (0.62)	\$ 0.61	\$ 0.64	\$ –	\$ –	\$ 0.37

2013	One-Cent	Five-Cent	Dime	Quarter-Dollar	Dollar	Mutilated & Other	Total
Coins Shipments	6,610	1,123	1,901	1,062	–	–	10,696
Value of Shipments	\$ 66.1	\$ 56.2	\$ 190.1	\$ 265.6	\$ –	\$ –	\$ 578.0
Gross Cost	\$ 121.1	\$ 105.7	\$ 86.6	\$ 111.5	\$ –	\$ 15.7	\$ 440.6
Cost of Goods Sold	\$ 104.7	\$ 91.0	\$ 75.1	\$ 97.2	\$ –	\$ 15.7	\$ 383.7
Selling, General & Administrative	\$ 16.4	\$ 14.7	\$ 11.5	\$ 14.3	\$ –	\$ –	\$ 56.9
Seigniorage	\$ (55.0)	\$ (49.5)	\$ 103.5	\$ 154.1	\$ –	\$ (15.7)	\$ 137.4
Seigniorage per \$1 Issued	\$ (0.83)	\$ (0.88)	\$ 0.54	\$ 0.58	\$ –	\$ –	\$ 0.24

2012	One-Cent	Five-Cent	Dime	Quarter-Dollar	Dollar	Mutilated & Other	Total
Coins Shipments	5,835	1,006	1,658	486	97	–	9,082
Value of Shipments	\$ 58.4	\$ 50.3	\$ 165.8	\$ 121.7	\$ 97.1	\$ –	\$ 493.3
Gross Cost	\$ 116.4	\$ 101.5	\$ 82.7	\$ 54.9	\$ 20.5	\$ 11.4	\$ 387.4
Cost of Goods Sold	\$ 96.5	\$ 84.1	\$ 69.5	\$ 46.6	\$ 17.7	\$ 11.4	\$ 325.8
Selling, General & Administrative	\$ 19.9	\$ 17.4	\$ 13.2	\$ 8.3	\$ 2.8	\$ –	\$ 61.6
Seigniorage	\$ (58.0)	\$ (51.2)	\$ 83.1	\$ 66.8	\$ 76.6	\$ (11.4)	\$ 105.9
Seigniorage per \$1 Issued	\$ (0.99)	\$ (1.02)	\$ 0.50	\$ 0.55	\$ 0.79	\$ –	\$ 0.21



NEW PROCESS BOOSTS PRODUCTION

The Denver Die Manufacturing Division implemented new robotic lathe technology, shown at left, that decreases the processing time of dies from 2.5 days to 75 minutes. Members of the division were honored with a Rittenhouse Medal of Excellence Award.

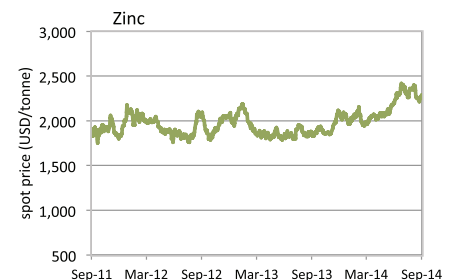
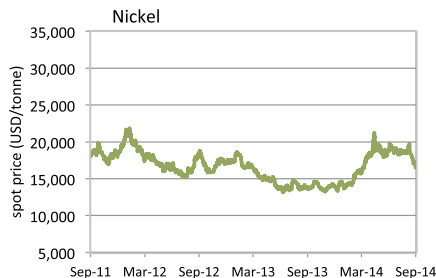
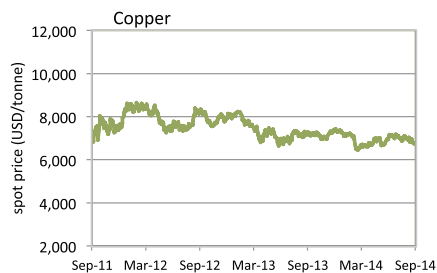
UNIT COST OF PRODUCING AND DISTRIBUTING COINS BY DENOMINATION

2014	One-Cent	Five-Cent	Dime	Quarter-Dollar	\$1 Coin
Cost of Goods Sold	\$ 0.0143	\$ 0.0699	\$ 0.0338	\$ 0.0775	\$ –
Selling, General & Administrative	\$ 0.0021	\$ 0.0102	\$ 0.0049	\$ 0.0109	\$ –
Distribution to FRB	\$ 0.0002	\$ 0.0008	\$ 0.0004	\$ 0.0011	\$ –
Total Unit Cost	\$ 0.0166	\$ 0.0809	\$ 0.0391	\$ 0.0895	\$ –

2013	One-Cent	Five-Cent	Dime	Quarter-Dollar	\$1 Coin
Cost of Goods Sold	\$ 0.0156	\$ 0.0805	\$ 0.0391	\$ 0.0903	\$ –
Selling, General & Administrative	\$ 0.0025	\$ 0.0131	\$ 0.0061	\$ 0.0135	\$ –
Distribution to FRB	\$ 0.0002	\$ 0.0005	\$ 0.0004	\$ 0.0012	\$ –
Total Unit Cost	\$ 0.0183	\$ 0.0941	\$ 0.0456	\$ 0.1050	\$ –

2012	One-Cent	Five-Cent	Dime	Quarter-Dollar	\$1 Coin
Cost of Goods Sold	\$ 0.0163	\$ 0.0829	\$ 0.0415	\$ 0.0943	\$ 0.1802
Selling, General & Administrative	\$ 0.0034	\$ 0.0173	\$ 0.0080	\$ 0.0171	\$ 0.0288
Distribution to FRB	\$ 0.0003	\$ 0.0007	\$ 0.0004	\$ 0.0016	\$ 0.0021
Total Unit Cost	\$ 0.0200	\$ 0.1009	\$ 0.0499	\$ 0.1130	\$ 0.2111

Base Metal Daily Official Spot Price (prices per metric tonne in dollars)



MEET THE PUBLIC'S DEMAND FOR U.S. BULLION COINS

BULLION COINS

Our bullion coin program provides the public a simple and tangible means to acquire precious metal coins at a slight premium to spot market metal prices. Investors purchase bullion coins not only for their intrinsic metal value, but also because the United States guarantees each coin's metal weight, content, and purity.

We mint and issue gold, silver, and platinum bullion coins to authorized purchasers through the American Buffalo, America the Beautiful Silver Bullion Coin™, and the American Eagle Programs. The Mint sells the coins to the authorized purchasers at the same market price paid for the metal, plus a premium to cover bullion program operating costs. Authorized purchasers agree to maintain an open, two-way market for these coins, assuring their liquidity. This allows the public to purchase and sell bullion coins at the prevailing market price, adjusting for any premium the authorized purchaser applies.

BULLION RESULTS This year, the bullion coin program revenue, net income, and ounces sold decreased compared to FY 2013. Revenue totaled \$1,814.4 million, down 44.1 percent from \$3,244.6 million last year. Net income decreased 52.8 percent to \$28.0 million from \$59.3 million.

In FY 2014, bullion trading prices were more subdued following the volatility that characterized FY 2013. There was a 33.5 percent and 46.8 percent decline between the highest and lowest spot price for gold and silver respectively during last fiscal year. In contrast, prices were less volatile in FY 2014, with only a 13.7 percent and a 24.8 percent decline between the highest and lowest gold and silver spot prices.

PLATINUM BULLION RETURNS IN 2014

Responding to increased market interest, the Mint resumed sales of the American Eagle Platinum Bullion Coin in its most popular denomination — the one-ounce coin — for the first time since 2008.

Like the American Eagle Gold and Silver Bullion Coins, the American Eagle Platinum Bullion Coin is distributed through the Mint's Authorized Purchasers, a network of major coin and precious metals dealers, brokerage companies, and other participating financial intermediaries, which maximizes availability in retail and major investment markets.

Produced exclusively at West Point, the obverse design of the 2014 American Eagle Platinum Bullion Coin is "Portrait of Liberty," by former Mint Sculptor-Engraver John Mercanti. The reverse design, "Soaring Bald Eagle," is by former Mint Sculptor-Engraver Thomas D. Rogers, Sr.



BULLION COINS (dollars in millions)

	2014	2013	2012	2011	2010	% Change 2013 to 2014
Gold oz. sold (thousands)	702	1,218	788	1,235	1,839	(42.4%)
Silver oz. sold (thousands)	38,968	44,644	34,152	44,048	33,983	(12.7%)
Platinum oz. sold (thousands)	14	–	–	–	–	–
Sales Revenue	\$ 1,814.4	\$ 3,244.6	\$ 2,460.9	\$ 3,471.4	\$ 2,855.4	(44.1%)
Gross Cost	\$ 1,786.4	\$ 3,185.3	\$ 2,432.5	\$ 3,405.6	\$ 2,800.2	(43.9%)
Cost of Goods Sold	\$ 1,760.9	\$ 3,159.0	\$ 2,407.6	\$ 3,378.8	\$ 2,778.4	(44.3%)
Selling, General & Administrative	\$ 25.5	\$ 26.3	\$ 24.9	\$ 26.8	\$ 21.8	(3.0%)
Net Income	\$ 28.0	\$ 59.3	\$ 28.4	\$ 65.8	\$ 55.2	(52.8%)
Bullion Net Margin	1.5%	1.8%	1.2%	1.9%	1.9%	(16.7%)

BULLION COINS REVENUE, COST, AND NET INCOME BY PROGRAM
(dollars in millions)

2014	American Eagle Gold	American Buffalo Gold	Sub-Total Gold	American Eagle Silver	America the Beautiful Silver	Sub-Total Silver	American Eagle Platinum	Total
Ounces Sold (thousands)	524	178	702	38,285	683	38,968	14	39,684
Sales Revenue	\$ 693.5	\$ 234.0	\$ 927.5	\$ 849.9	\$ 15.1	\$ 865.0	\$ 21.9	\$ 1,814.4
Gross Cost	\$ 676.5	\$ 229.3	\$ 905.8	\$ 843.6	\$ 14.6	\$ 858.2	\$ 22.4	\$ 1,786.4
Cost of Goods Sold	\$ 674.4	\$ 228.8	\$ 903.2	\$ 821.1	\$ 14.3	\$ 835.4	\$ 22.3	\$ 1,760.9
Selling, General & Administrative	\$ 2.1	\$ 0.5	\$ 2.6	\$ 22.5	\$ 0.3	\$ 22.8	\$ 0.1	\$ 25.5
Net Income	\$ 17.0	\$ 4.7	\$ 21.7	\$ 6.3	\$ 0.5	\$ 6.8	\$ (0.5)	\$ 28.0
Bullion Net Margin	2.5%	2.0%	2.3%	0.7%	3.3%	0.8%	(2.3%)	1.5%

2013	American Eagle Gold	American Buffalo Gold	Sub-Total Gold	American Eagle Silver	America the Beautiful Silver	Sub-Total Silver	American Eagle Platinum	Total
Ounces Sold (thousands)	983	235	1,218	43,559	1,085	44,644	–	45,862
Sales Revenue	\$ 1,586.0	\$ 371.9	\$ 1,957.9	\$ 1,256.0	\$ 30.7	\$ 1,286.7	–	\$ 3,244.6
Gross Cost	\$ 1,544.7	\$ 362.9	\$ 1,907.6	\$ 1,248.2	\$ 29.5	\$ 1,277.7	–	\$ 3,185.3
Cost of Goods Sold	\$ 1,541.6	\$ 362.4	\$ 1,904.0	\$ 1,225.8	\$ 29.2	\$ 1,255.0	–	\$ 3,159.0
Selling, General & Administrative	\$ 3.1	\$ 0.5	\$ 3.6	\$ 22.4	\$ 0.3	\$ 22.7	–	\$ 26.3
Net Income	\$ 41.3	\$ 9.0	\$ 50.3	\$ 7.8	\$ 1.2	\$ 9.0	–	\$ 59.3
Bullion Net Margin	2.6%	2.4%	2.6%	0.6%	3.9%	0.7%	–	1.8%

2012	American Eagle Gold	American Buffalo Gold	Sub-Total Gold	American Eagle Silver	America the Beautiful Silver	Sub-Total Silver	American Eagle Platinum	Total
Ounces Sold (thousands)	647	141	788	33,707	445	34,152	–	34,940
Sales Revenue	\$ 1,105.4	\$ 240.6	\$ 1,346.0	\$ 1,100.6	\$ 14.3	\$ 1,114.9	–	\$ 2,460.9
Gross Cost	\$ 1,077.4	\$ 235.3	\$ 1,312.7	\$ 1,105.0	\$ 14.8	\$ 1,119.8	–	\$ 2,432.5
Cost of Goods Sold	\$ 1,075.1	\$ 234.9	\$ 1,310.0	\$ 1,083.0	\$ 14.6	\$ 1,097.6	–	\$ 2,407.6
Selling, General & Administrative	\$ 2.3	\$ 0.4	\$ 2.7	\$ 22.0	\$ 0.2	\$ 22.2	–	\$ 24.9
Net Income	\$ 28.0	\$ 5.3	\$ 33.3	\$ (4.4)	\$ (0.5)	\$ (4.9)	–	\$ 28.4
Bullion Net Margin	2.5%	2.2%	2.5%	(0.4%)	3.5%	(0.4%)	–	1.2%

MINT WINS AWARD AT DIRECTORS CONFERENCE

The United States Mint won a “Marketers’ Choice” award for the Reverse Proof One Ounce American Buffalo Gold Coin packaging at the 2014 XXVIII Mint Directors Conference in Mexico City. This coin was minted and issued in honor of the 100th anniversary of the original designs appearing on the Type I Buffalo Nickel. Instead of a mirror-like background and frosted design elements, the reverse proof coin had a frosted background and mirror-like design elements. The packaging reflected this difference, with a look and feel that evoked the spirit of the American West.



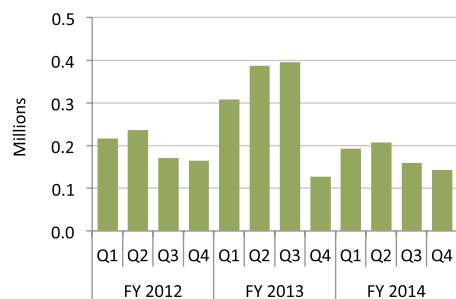
GOLD BULLION COIN RESULTS September saw a modest uptick in investor demand for gold bullion, but gold bullion revenue and earnings remained low throughout the year, decreasing significantly from last year with considerably lower investor demand and lower gold spot prices. Bullion coin program results are highly dependent on trends in commodity market prices. These commodity prices are, in turn, dependent on variables such as global supply constraints, perceived strength as a safe-haven asset, currency exchange markets, and earnings potential from other commodities or investments. Amid signs of an improving U.S. economy and a stronger U.S. Dollar, investor appetite for gold bullion waned. This year, the Mint sold 42.4 percent fewer gold bullion ounces compared to last year. Gold bullion revenue was down 52.6 percent, and earnings were down 56.9 percent in FY 2014.

FY 2014 gold bullion earnings decreased to \$21.7 million from \$50.3 million last year. Gold bullion earnings were lower primarily because there was less demand for American Eagle gold bullion coins, which declined 458,500 ounces (46.7 percent) compared to last year. The drop in gold spot prices also decreased the percentage markup the Mint charged for each gold ounce sold, further reducing earnings from gold bullion coin sales. American Eagle gold coin revenues and net income decreased by 56.3 percent and 58.8 percent respectively compared to FY 2013.

FY 2014 American Buffalo gold bullion coin sales also decreased 24.3 percent to 178,000 ounces from 235,000 ounces last year. American Buffalo Gold Bullion Coin revenues and net income decreased by 37.1 percent and 47.8 percent respectively compared to FY 2013.

The FY 2014 average daily spot price of gold was \$1,284.83 per ounce, down 15.6 percent from \$1,521.61 per ounce in FY 2013.

Total Gold Bullion Coin Sales (ounces sold in millions)



Precious Metal Daily Official Spot Price (prices per troy ounce in dollars)



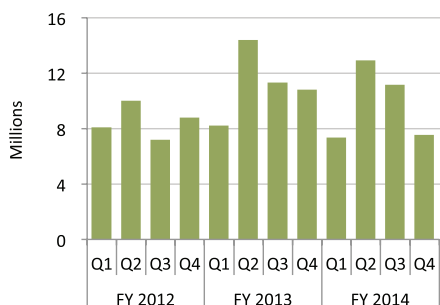
SILVER BULLION COIN RESULTS Although every quarter of FY 2014 saw lower investor demand for silver bullion compared to last year, demand tapered off significantly from June through August, before improving in September. Lower silver spot prices resulted in lower revenue. FY 2014 silver bullion ounces sold were 12.7 percent lower than the record amount set last year, while revenue was down 32.8 percent and earnings were down 24.4 percent.

Sales of American Eagle Silver Bullion Coin ounces decreased by 12.1 percent, decreasing revenue by \$406.1 million and net income by \$1.5 million compared to last year. America the Beautiful Five-Ounce Silver Bullion Coins revenue decreased by \$15.6 million and net income decreased by \$0.7 million because we sold 37.1 percent fewer ounces compared to last year.

The Mint increased blank supplies this year for American Eagle Silver Bullion Coins. Demand had outpaced supply since January 28, 2013, when the 2013 American Eagle Silver Bullion Coins went on allocation. Demand was high throughout FY 2013 and the first part FY 2014. As more blanks became available, the Mint took these coins off allocation in June, increased production, and met the demand for these popular investment products.

The FY 2014 average daily spot price of silver was \$20.17 per ounce, down 24.7 percent from \$26.79 last year. Coinciding with the September increase in investor demand, silver prices recorded their lowest level of the fiscal year on September 30, 2014, when they dropped to \$17.11.

Total Silver Bullion Coin Sales (ounces sold in millions)



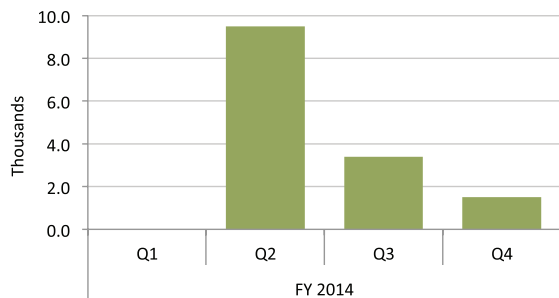
Precious Metal Daily Official Spot Price (prices per troy ounce in dollars)



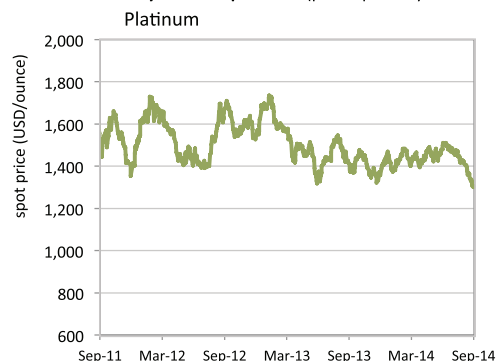
PLATINUM BULLION COIN RESULTS In response to customer feedback, in the spring of FY 2014, the Mint offered a platinum bullion coin for the first time since December 2008, restoring our pre-recession portfolio of products. Resuming production was a significant milestone for the Mint and demonstrated our commitment to better serve our bullion customers. As with gold and silver, platinum sales were soft. The Mint sold 14,400 ounces of platinum bullion generating revenue of \$21.9 million. Start up costs contributed to an overall loss of \$0.5 million.

The average daily spot price of platinum during FY 2014 was \$1,427.59 per ounce, down 7.1 percent from \$1,536.79 per ounce in FY 2013.

Total Platinum Bullion Coin Sales (ounces sold in thousands)



Precious Metal Daily Official Spot Price (prices per troy ounce in dollars)



RESPONSIBLY EXPAND THE NUMISMATIC PROGRAM

NUMISMATIC

The Mint's numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and medals for sale to the public. Most of our recurring products—such as United States Mint Uncirculated Coin Sets®, United States Mint Proof Sets®, and United States Mint Silver Proof Sets®—are required by federal statute. Others, such as commemorative coins and Congressional Gold Medals, are required by individual public laws. A main objective of the numismatic program is to increase our customer base and foster sales while controlling costs and keeping prices as low as practicable.

NUMISMATIC RESULTS Numismatic product sales increased to 5.7 million units in FY 2014 compared to 5.5 million units in FY 2013. This was primarily because of a 591.1 thousand unit increase in commemorative products. The Baseball Hall of Fame products contributed over 800 thousand units in this category.

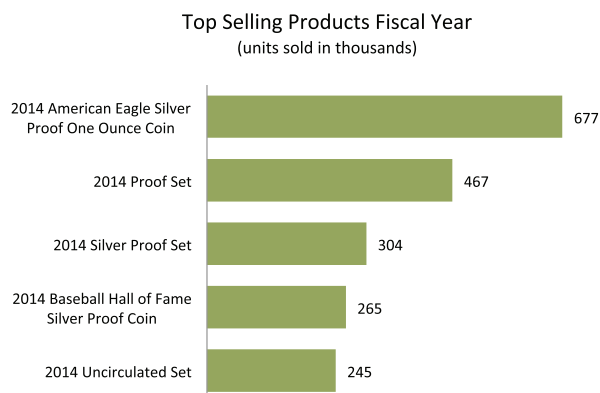
Numismatic revenue decreased 1.5 percent to \$504.5 million in FY 2014 from \$512.4 million last year, mainly driven by a \$51.6 million (39.8 percent) decrease in silver coin products revenue. The 2013 American Eagle West Point Two-Coin Silver Set generated \$32.0 million in this category in FY 2013 and had no equivalent this year. Another contributing factor for the decline was the American Eagle Silver One Ounce Proof Coin, which had \$17.3 million (30.4 percent) lower sales compared to last year. Because of lower silver spot prices, these products were priced 14.0 percent lower in FY 2014 compared to FY 2013.

The 2014 Kennedy Anniversary Gold Coin generated revenue of \$76.2 million, by far the highest of any numismatic product revenue in FY 2014 and the fourth highest in the last ten years. The 2014 American Eagle Silver One Ounce Proof Coin, the 2014 United States Mint Proof Set, and the 2014 United States Mint Silver Proof Set were the most popular sellers (in terms of units) this year.

Numismatic program net income and seigniorage decreased 47.0 percent to \$50.8 million in FY 2014 from \$95.8 million in FY 2013. The decrease was the result of a \$32.7 million decrease in silver coin products earnings. Gold and platinum numismatic products generated the largest share of revenue (48.8 percent), compared to the other numismatic products. Similarly, this category generated \$39.5 million in numismatic net income compared to \$11.3 million net income generated by the other categories. Annual recurring sets recorded a \$13.5 million decrease in earnings, generating a loss of \$16.9 million in FY 2014. Lower spot prices meant the price on silver proof sets was lower, resulting in reduced margins for these products. The numismatic net margin decreased to 10.1 percent in FY 2014 from 18.7 percent in FY 2013.

FY 2014 COGS increased 8.4 percent compared to last year because of the increased sales of gold and platinum products. SG&A expenses increased 12.1 percent this year primarily because of a one-time investment to modernize the Mint's customer order management system. Excluding this one-time investment, numismatic SG&A would have decreased by \$7.5 million compared to last year.

Introduced in March, the National Baseball Hall of Fame Commemorative Coin products helped increase commemorative product unit sales by 180.7 percent over last year. The Kennedy Anniversary Gold Coin, which debuted in August, helped increase gold and platinum product unit sales by 38.7 percent over last year. The unit sales for the other product categories decreased compared to last year.



UPGRADING CUSTOMER SERVICE

After two years of planning, the Mint's new catalog website and order management system is ready for the public. In addition to updated software, hardware, and expanded bandwidth to support the new order management system, the website is user-friendly, faster, and gives customers more options for ordering, shipping, payment, and tracking. The old system was not only expensive to maintain, it was slow, difficult to repair, and unreliable. Customers found it frustrating to use on days we had high-volume sales and wait times could stretch for an hour or more.

The Mint's goal was to create a fully integrated system that would capitalize on online retail industry best practices, while reducing maintenance costs and centralizing operations.

"This was not an easy task, as there had to be extensive coordination across multiple Mint offices and project vendors," said Dufour Woolfley, Project Manager.

Features of the new system include:

- Increased capacity to handle large volumes of customer checkouts simultaneously, which is especially important for product launches
- Faster shipment of products, averaging two to three days delivery versus seven days with the old system
- Real-time data to analyze sales figures, project future product launches, manage manufacturing schedules and communicate with customers
- Lower operational costs

Center of Excellence (COE)

A Center of Excellence was set up at Mint headquarters to support multiple functions to ensure we meet the needs of Mint employees and customers. Serving as our "command center," the COE brought together a team of varying disciplinary backgrounds and expertise from the Information Technology Department, Sales and Marketing, Financial Department, and contractors to transition to the new system.

"This is a huge accomplishment for the Mint," said Deputy Director Dick Peterson. "We're now much like other mainstream online retailers and can provide our customers with top-quality service and online shopping experiences. As one of our nation's top online retailers, there is every reason for us to have a top-quality e-Commerce site. In fact, it's long overdue."



The Center of Excellence (COE), which is located at Mint Headquarters, serves as a temporary command center to meet the needs of employees and customers while the Mint transitions to the new system. This diverse group includes teammates from the Information Technology, Sales and Marketing, and Financial departments. The team is pictured above:

First row: Anoop Govil, Wanda Adams-Hembry, Dufour Woolfley, Jennifer Creque, Tan Van Luong **Second row:** Donna Blue, Sharlene Wallace, Ray Hardy, Yogesh Sharma, Tonya Banks, Chris Noonan-Sturm.

Not pictured: Beverly Babers, Annie Brown, Lauren Buschor, Cortez Carrington, Gail Craig, Greg Dawson, Ashim Dey, Roger Drexler, Joseph Gioeli, Colleen Grinnell, Tom Jurkowsky, Marc Landry, Katlyn Laverty-Wilson, Mary Lhotsky, Cynthia Meals, Glenda Morrow, David Motl, Olawole Olayinka, Zbigniew Porada, Heather Sabharwal, Karen Sieger, Adam Stump, DeAnna Wynn, Margaret Yauss



(Left) Baseball coin design competition winner Cassie McFarland and San Francisco Press Room Supervisor Carlos Dumpit show off the newly minted proof half-dollar coins. (Right) United States Mint Sculptor-Engraver Don Everhart holds a 2014 National Baseball Hall of Fame Commemorative Coin. Everhart designed the coin's reverse.

NATIONAL BASEBALL HALL OF FAME AND COMMEMORATIVE COIN PROGRAM FISCAL 2014 ANNUAL REPORT (OCT. 1, 2013 – SEPT. 30, 2014)

The 2014 National Baseball Hall of Fame Commemorative Coin Program proved to be one of the most popular and successful programs in the history of the United States Mint. The 50,000 gold coins sold out within 24 hours and the 400,000 silver dollars in just 13 days. As of the end of fiscal 2014, \$7.5 million in surcharges had been raised for the recipient organization, the National Baseball Hall of Fame and Museum in Cooperstown, New York. Coin sales had resulted in \$48.8 million of revenue as of September 30, 2014.

Planning for the program started in early 2013, with the Sales and Marketing and Manufacturing Departments working closely with the Offices of Design Management and Corporate Communications. The United States Mint ran a national design competition for the coins' common reverse and prepared for the opening of sales in March 2014. National Baseball Hall of Fame members and Members of Congress lent their time for promotional events leading up to the release.

Despite the program's challenges, the United States Mint produced its first-ever gold, silver and clad curved coins, reflecting the very best in craftsmanship and beauty.

NUMISMATIC (dollars in millions)

	2014	2013	2012	2011	2010	% Change 2013 to 2014
Units Sold (Thousands)	5,725	5,509	5,559	7,311	6,466	3.9%
Sales Revenue	\$ 504.5	\$ 512.4	\$ 481.2	\$ 721.7	\$ 413.1	(1.5%)
Gross Cost	\$ 453.7	\$ 416.6	\$ 407.3	\$ 608.5	\$ 363.3	8.9%
Cost of Goods Sold	\$ 386.3	\$ 356.5	\$ 346.1	\$ 543.8	\$ 298.6	8.4%
Selling, General & Administrative	\$ 67.4	\$ 60.1	\$ 61.2	\$ 64.7	\$ 64.7	12.1%
Net Income & Seigniorage	\$ 50.8	\$ 95.8	\$ 73.9	\$ 113.2	\$ 49.8	(47.0%)
Numismatic Net Margin	10.1%	18.7%	15.4%	15.7%	12.1%	
Seigniorage Portion	\$ 28.1	\$ 29.3	\$ 22.9	\$ 9.8	\$ 12.0	(4.1%)

Net Income & Seigniorage figures are before protection costs. Seigniorage portion results from the sale of circulating coins (boxes, bags and rolls) directly to the public through the numismatic channels.

NUMISMATIC REVENUE, COST, AND NET INCOME OR SEIGNIORAGE BY PROGRAM
(dollars in millions)

2014	Gold and Platinum Coin Products	Silver Coin Products	Annual Sets*	Quarter Products	Presidential and First Spouse Medals	Commemorative	Miscellaneous	Total
Units Sold (Thousands)	197	1,222	1,477	573	996	918	342	5,725
Sales Revenue	\$ 246.4	\$ 77.9	\$ 52.9	\$ 13.6	\$ 45.5	\$ 46.5	\$ 21.7	\$ 504.5
Gross Cost	\$ 206.9	\$ 69.3	\$ 69.8	\$ 16.1	\$ 21.8	\$ 42.6	\$ 27.2	\$ 453.7
Cost of Goods Sold	\$ 202.9	\$ 58.0	\$ 47.4	\$ 10.8	\$ 12.2	\$ 34.1	\$ 20.9	\$ 386.3
Selling, General & Administrative	\$ 4.0	\$ 11.3	\$ 22.4	\$ 5.3	\$ 9.6	\$ 8.5	\$ 6.3	\$ 67.4
Net Income & Seigniorage	\$ 39.5	\$ 8.6	\$ (16.9)	\$ (2.5)	\$ 23.7	\$ 3.9	\$ (5.5)	\$ 50.8
Numismatic Net Margin	16.0%	11.0%	(31.9%)	(18.4%)	52.1%	8.4%	(25.3%)	10.1%
Seigniorage Portion	\$ -	\$ -	\$ -	\$ 2.5	\$ 22.0	\$ -	\$ 3.6	\$ 28.1

2013	Gold and Platinum Coin Products	Silver Coin Products	Annual Sets*	Quarter Products	Presidential and First Spouse Medals	Commemorative	Miscellaneous	Total
Units Sold (Thousands)	142	1,521	1,587	716	1,007	327	209	5,509
Sales Revenue	\$ 214.2	\$ 129.5	\$ 62.8	\$ 17.8	\$ 44.9	\$ 23.0	\$ 20.2	\$ 512.4
Gross Cost	\$ 184.6	\$ 88.2	\$ 66.2	\$ 15.1	\$ 22.3	\$ 22.3	\$ 17.9	\$ 416.6
Cost of Goods Sold	\$ 181.9	\$ 75.6	\$ 47.6	\$ 10.2	\$ 15.1	\$ 19.2	\$ 6.9	\$ 356.5
Selling, General & Administrative	\$ 2.7	\$ 12.6	\$ 18.6	\$ 4.9	\$ 7.2	\$ 3.1	\$ 11.0	\$ 60.1
Net Income & Seigniorage	\$ 29.6	\$ 41.3	\$ (3.4)	\$ 2.7	\$ 22.6	\$ 0.7	\$ 2.3	\$ 95.8
Numismatic Net Margin	13.8%	31.9%	(5.4%)	15.2%	50.3%	3.0%	11.4%	18.7%
Seigniorage Portion	\$ -	\$ -	\$ -	\$ 2.7	\$ 22.8	\$ -	\$ 3.8	\$ 29.3

2012	Gold and Platinum Coin Products	Silver Coin Products	Annual Sets*	Quarter Products	Presidential and First Spouse Medals	Commemorative	Miscellaneous	Total
Units Sold (Thousands)	105	1,568	1,627	737	891	437	194	5,559
Sales Revenue	\$ 161.5	\$ 150.5	\$ 65.7	\$ 18.9	\$ 35.4	\$ 29.0	\$ 20.2	\$ 481.2
Gross Cost	\$ 142.1	\$ 101.3	\$ 68.4	\$ 19.0	\$ 17.8	\$ 28.8	\$ 29.9	\$ 407.3
Cost of Goods Sold	\$ 140.2	\$ 83.9	\$ 49.6	\$ 13.6	\$ 10.7	\$ 23.7	\$ 24.4	\$ 346.1
Selling, General & Administrative	\$ 1.9	\$ 17.4	\$ 18.8	\$ 5.4	\$ 7.1	\$ 5.1	\$ 5.5	\$ 61.2
Net Income & Seigniorage	\$ 19.4	\$ 49.2	\$ (2.7)	\$ (0.1)	\$ 17.6	\$ 0.2	\$ (9.7)	\$ 73.9
Numismatic Net Margin	12.0%	32.7%	(4.1%)	(0.5%)	49.7%	0.7%	(48.0%)	15.4%
Seigniorage Portion	\$ -	\$ -	\$ -	\$ 2.2	\$ 17.6	\$ -	\$ 3.1	\$ 22.9

*Annual Sets are the United States Mint Silver Proof Set, United States Mint Proof Set, and United States Mint Uncirculated Coin Set.



Native American tribes and nations received Congressional Gold Medals and certificates of recognition on behalf of their ancestors' valor and dedication during World War I and World War II. (Official Photo by Caleb Smith, Office of the Speaker)

CONGRESSIONAL GOLD MEDALS HONOR CODE TALKERS

This year, the Mint produced 26 Congressional Gold Medals to honor Native American code talkers, men who served in the U.S. Armed Forces and transmitted secret coded messages for tactical military operations in World War I and World War II.

When the United States entered World War I, Native Americans were not considered citizens of the United States. Nevertheless, members of Indian tribes and nations enlisted in the Armed Forces. Because the language used by the code talkers was not based on a European language or on a mathematical progression, enemies were unable to understand any of the transmissions. When World War II started, Native Americans once again served as code talkers.

Legislation for the code talker medals specified that each Native American tribe or nation that had a member who served as a code talker should be honored, with the exception of the Navajo Nation, which was honored in 2001. In addition, individual code talkers, their family, or personal representative were awarded duplicate silver medals.

A total of 33 medals will be awarded under this program. Twenty-six medals have been awarded so far. Please see the images of these beautiful medals on pages 54 and 55.



Mr. Edmond Harjo, a member of the Seminole Nation of Oklahoma, was a code talker in World War II who served in Normandy and Iwo Jima. He was the only original code talker to attend the Congressional Gold Medal ceremony in November 2013 in Washington, D.C.

COMMEMORATIVE COINS

Commemorative coin programs are created by acts of Congress to honor a person, place, organization, or event. The price of each coin or medal ordinarily includes a surcharge authorized to be paid to a designated recipient organization.

Two commemorative coin programs began in FY 2014. By September 30, the 2014 Civil Rights Act of 1964 Silver Dollar had revenue of \$4.0 million with surcharges of \$0.8 million collected for its recipient organization, the United Negro College Fund. The 2014 National Baseball Hall of Fame Commemorative Coin Program had revenue of \$48.8 million with surcharges of \$7.5 million collected for its recipient organization, the National Baseball Hall of Fame. These programs run through December 31, 2014.

Two commemorative programs finished in FY 2014. The 2013 5-Star Generals Commemorative Coin Program had revenue of \$17.3 million with surcharges of \$2.2 million collected for its recipient organization, the United States Army Command and General Staff College Foundation. The 2013 Girl Scouts USA Centennial Commemorative Coin Program generated \$6.8 million in revenue.

COMMEMORATIVE COIN HIGHLIGHTS INNOVATION AT MINT

Typically, proof coins have a mirror-like background and their frosted, sculpted foregrounds create a cameo effect. In contrast, the reverse of the 2014 Civil Rights Act of 1964 Silver Dollar has four different finishes: mirror, two types of laser frost, and an accent polish.

The flame is mirror polished; the field under the flame incorporates a combination of light polishing and a light laser frost texture; the lettering and torch have a heavy laser frost texture; and the circular ring with text has an accenting polish. This is the first time the United States Mint has used this combination of finishes.





50TH ANNIVERSARY OF THE KENNEDY HALF-DOLLAR

To commemorate the 50th anniversary of the iconic Kennedy half-dollar, we created three special sets featuring the original 1964 portrait design by renowned United States Mint Chief Engraver Gilroy Roberts.

The 50th Anniversary Kennedy Half-Dollar Gold Proof Coin went on sale August 5, just in time for the American Numismatic Association's annual World's Fair of Money in Chicago. This first-ever gold half-dollar contains three-quarters troy ounce of .9999 fine, 24-karat gold. It was struck with a proof finish at the West Point Mint and incorporated a dual date of 1964-2014 to commemorate the 50th anniversary.

The 50th Anniversary Kennedy Half-Dollar Uncirculated Coin Set contains two uncirculated Kennedy half-dollars from the Philadelphia and Denver facilities. The third product in the series, the 50th Anniversary Kennedy Half-Dollar Silver Coin Collection, with four coins (one from each production facility) will go on sale in early FY 2015.

CONGRESSIONAL GOLD MEDALS

In a normal year, the Mint might produce three or four gold medals. This year, a total of 32 were produced in Philadelphia and presented to honorees and their representatives.

The bulk of these medals went to the Native American code talkers. We began preparing, striking, and awarding these medals in 2013, and in 2014, we awarded medals to 26 nations or tribes: Cherokee Nation, Cheyenne River Sioux Tribe, Choctaw Nation, Comanche Nation, Crow Creek Sioux Tribe, Fort Peck Assiniboine and Sioux Tribes, Ho-Chunk Nation, Hopi Tribe, Kiowa Tribe, Menominee Nation, Meskwaki Nation, Muscogee (Creek) Nation, Oglala Sioux Tribe, Oneida Nation, Osage Nation, Pawnee Nation, Ponca Tribe, Pueblo of Acoma Tribe, Santee Sioux Nation, Seminole Nation, Sisseton Wahpeton Oyate (Sioux) Tribe, Standing Rock Sioux Tribe, Tlingit Tribe, Tonto Apache Tribe, White Mountain Apache Tribe, and Yankton Sioux Tribe.

Seven other tribes will be honored in the future: Lower Brule Sioux Tribe, Cheyenne and Arapaho Tribes, Fond du Lac Band of Lake Superior Chippewa Tribe, Crow Tribe, Pueblo of Laguna, Rosebud Tribe, and Mohawk Tribe. The Navajo Nation was awarded in 2001.

The remaining six Congressional Gold Medals were awarded to:

- The late Reverend Doctor Martin Luther King, Jr., and Coretta Scott King for their contributions to the civil rights movement.
- Shimon Peres, former President of Israel, who served his government for more than 70 years. When we learned he would be visiting the United States, we produced his medal in only 17 days, so it could be presented to him in person.
- The late Raoul Wallenberg, for his achievements and heroic actions during World War II working with the resistance in Budapest.
- The men and women who died in the terrorist attacks in the United States on September 11, 2001. We produced three September 11 Congressional Gold Medals, one for each site.

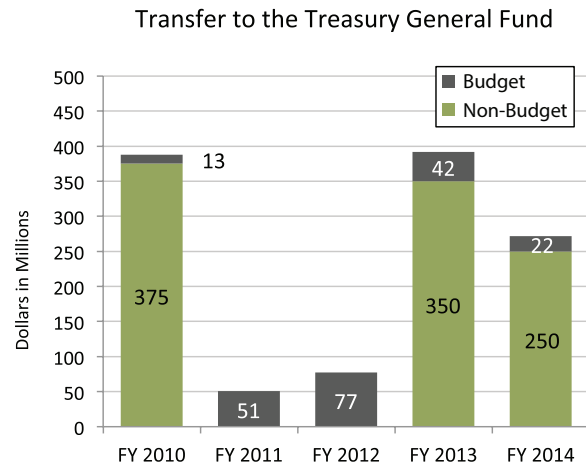
PEF EARNINGS AND TRANSFERS TO THE TREASURY GENERAL FUND

As required by 31 U.S.C. § 5136, the Mint deposits all receipts from operations and programs into the United States Mint Public Enterprise Fund. Periodically, the Mint transfers amounts in the PEF determined to be in excess of amounts required to support on-going operations and programs. The circulating, bullion, and numismatic program data exclude costs for the protection of custodial assets activity (protection). Consolidated earnings are discussed below to provide a status of the entirety of the United States Mint PEF compared to prior periods.

FY 2014 protection costs decreased by 8.1 percent compared to last year to \$39.6 million. FY 2014 PEF earnings after protection costs increased to \$328.3 million compared to \$249.4 million last year.

The Mint made two transfers to the General Fund this fiscal year totaling \$272 million. In FY 2013, we transferred \$392 million. Non-budget transfers from the PEF consist of seigniorage, which is not treated as a budgetary receipt to the government, but as a means of financing. On September 30, 2014, the Mint made a non-budget transfer of \$250 million to the General Fund.

Budget transfers to the General Fund from the PEF usually consist of numismatic net income and can be treated as a budgetary receipt to the government. The Mint made a budget transfer of \$22 million from numismatic and bullion earnings to the General Fund in January 2014, compared to \$42 million transferred last year.



FOSTER A SAFE, ENGAGED, AND INNOVATIVE WORKFORCE

It is the goal of the Mint to have a safe, engaged and innovative workforce. Embracing innovative practices by engaging modern technologies and becoming more environmentally sustainable not only benefits the Mint's employees, but also benefits the communities in which the Mint operates and ultimately the American public.

SAFETY AND ENVIRONMENT The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. The Mint safety incident recordable rate for FY 2014 was 3.31. This rate is above the Mint's target of 3.05 for this year, but is below the industry average recordable rate of 6.8 for metal forging and stamping manufacturers.

In FY 2014 the Mint set a goal to become world class in safely operating our facilities and optimizing our environmental footprint. This multi-year endeavor involves achieving various safety milestones and certifications at each facility. To achieve this goal, the Mint established a new office of Environmental, Safety, and Health, redeployed a key executive with prior private sector manufacturing experience to lead the office, realigned the existing staff under this office and established reporting relationships with the five safety managers at the field sites. Already, the office has commissioned a comprehensive safety and environmental review of each facility and used the findings and recommendations to develop a multi-year roadmap.



MINT AND BEP HOLD JOINT TOWN HALL

Rosie Rios, Treasurer of the United States, led the Mint and the Bureau of Engraving and Printing in a joint Town Hall meeting in July. She was joined by Larry R. Felix, Director of the Bureau of Engraving and Printing, and Richard A. Peterson, Deputy Director of the United States Mint. The two bureaus have different operational facilities, but our shared goal of providing legal tender means that we have many similar concerns: security of assets, operational costs, and efficiency.

Over the years, the Mint has made sustainability efforts a top priority. Initially, we concentrated on making substantial changes to our buildings and production operations to reduce our carbon footprint, with positive results that have reduced our greenhouse gas emissions across the board. Department of the Treasury goals called for the Mint to reduce direct emissions by 33 percent and indirect emissions by 11 percent by the year 2020. Instead, we surpassed those goals several years ago. Through 2013 we reduced direct emissions by 54 percent and indirect emissions by 59 percent, even with increased production in all three business lines.

HIRING Throughout the federal government, the workforce is aging and beginning to retire in increasing numbers. Hiring the right people for the right jobs is a priority for the Mint as we meet the President's requirements for hiring reform. Many of our new hires this year were disabled military veterans. The Treasury Department's goal is for 6 percent of all new hires to be disabled veterans; 12 percent of the Mint's new hires met this classification.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

The Mint is responsible for establishing and maintaining effective internal controls over financial reporting and has made a conscious effort to meet the internal controls requirements of the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), Office of Management and Budget (OMB) Circular A-123, and the Reports Consolidation Act of 2000. The Mint is operating in accordance with the procedures and standards prescribed by the Comptroller General and OMB guidelines.

The systems of management control for the Mint organization are designed to ensure that:

- programs achieve their intended results;
- resources are used consistent with overall mission;
- programs and resources are free from waste, fraud, and mismanagement;
- laws and regulations are followed;
- controls are sufficient to minimize any improper or erroneous payments;
- performance information is reliable;
- system security is in substantial compliance with all relevant requirements;
- continuity of operations planning in critical areas is sufficient to reduce risk to reasonable levels;
- financial management systems are in compliance with federal financial systems standards, (i.e., FMFIA Section 4 and FFMIA);
- complete and accurate data is reported on USAspending.gov; and
- controls and policies are in place to prevent fraud and inappropriate use of government charge cards.

For all Mint responsibilities, we provide herein unqualified assurance that the above listed management control objectives, taken as a whole, were achieved by our organization during FY 2014. Specifically, this assurance is provided in accordance with Sections 2 and 4 of the FMFIA. We further assure that our financial management systems are in substantial compliance with the requirements imposed by the FFMIA.

The Mint management is responsible for establishing and maintaining adequate internal control over financial reporting, which includes safeguarding of assets and compliance with laws and regulations. We conducted the required Treasury evaluation of the effectiveness of the United States Mint internal controls over financial reporting in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this evaluation, we can provide unmodified assurance that internal controls over financial reporting as of June 30, 2014, are operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

In addition, the Mint is committed to maintaining effective internal control, as demonstrated by the following actions:

- Annual audits of the Mint's financial statements pursuant to the Chief Financial Officers' Act, as amended, including a) information revealed in preparing the financial statements, b) auditor's reports on the financial statements, and c) internal controls and compliance with laws and regulations and other materials related to preparing financial statements.
- Annual performance plans, reviews, and reports pursuant to the Government Performance Results Act, which include analysis and evaluation of performance measures.
- The development, tracking, and closure of corrective actions identified in the Financial Statement Audit and OMB Circular A-123 Assessment.
- Internal management and program reviews conducted for the purpose of assessing management controls.
- Reviews of financial systems for requirements compliance in conjunction with OMB Circular A-123 and FFMIA.



Officer Curtis Penley and Lt. George Wilson guard the Native American Code Talkers Recognition Congressional Gold Medals before they were presented to the honorees.

PROTECTION EARNS LAW ENFORCEMENT ACCREDITATION

After more than three years of intense work and effort, the Mint's Protection Department successfully completed Commission on Accreditation of Law Enforcement Agencies (CALEA) accreditation, making it one of only two federal law enforcement organizations to do so.

Gaining accreditation required modernizing existing policies and creating more than 30 new policies and operating procedures. Field sites focused on meeting more than 140 required standards in areas ranging from equipment readiness to detailed monitoring of timely training and certification requirements.

CALEA accreditation ensures a heightened level of professionalism and accountability across the police force. It validates a high standard of performance and overall service delivery to the Mint and its stakeholders.

- Reviews of systems, applications, and contingency plans conducted pursuant to the Computer Security Act of 1987 (40 U.S.C. 759 note) and OMB Circular A-130, Management of Federal Information Resources.
- Annual assessments, reviews, and reporting performed in compliance with the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).
- Reviews and reporting in compliance with the Federal Information Security Management Act (FISMA).
- Quarterly reviews of Mint Purchase Cards.

The Mint continues to make improvement in maintaining effective internal control over financial reporting and is committed to monitoring and improving its internal controls throughout the entire organization.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the Mint, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements have been prepared from the books and records of the Mint in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the United States Government.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER:

I am pleased to present the Mint's financial statements as part of the FY 2014 Annual Report. Once again in 2014, our auditors rendered an unmodified audit opinion on these financial statements.

As the financial statements show, the Mint is in good fiscal health. Actions to control costs, increase efficiency, and strategically reserve resources have provided a solid foundation that enables the Mint to be flexible and nimble when responding to our customers. Over the past year, continued efforts in lean practices, management controls, zero-based budgeting, and cash management have positively affected the Mint's fiscal results. This fiscal year we transferred \$250 million of seigniorage to the general fund. Our overhead and selling, general, and administrative costs continue trending downward. Excluding a one-time investment in our numismatic online ordering system, FY 2014 selling, general, and administrative costs decreased by 6 percent compared to last year and 18 percent compared to five years ago. Although circulating coinage operations grew for the fifth consecutive year to meet increased FRB demand, we decreased the overhead costs at our manufacturing facilities by 5 percent compared to last year and 7 percent compared to five years ago. One effect of these efforts can be seen in the unit cost of circulating coins.

Another effect of these efforts is our ability to invest in the future. Our online ordering system for numismatic products was out of date and needed substantial improvement to meet customer expectations. This was a major undertaking, with dedicated employees from across the Mint working together to ensure the end result will not only conform to current business standards and customer expectations but also meet the needs of the Mint's customers for years to come.

An additional investment the Mint made in FY 2014 centered on serving our bullion customers. The Mint offered platinum bullion coins for sale for the first time since December 2008. To accomplish this, the Mint had to invest in a supply chain for platinum that would satisfy our customers, limit the Mint's exposure and risk, and be cost effective. After extensive research and test models, the Mint began leasing precious metals for the first time. This strategy proved to be an effective and efficient method for supplying platinum bullion coins to our customers.

One final investment to mention: In FY 2014, the Mint upgraded our financial system (Oracle ERP) to the most current version. This effort was more reflective of an implementation than an upgrade in versions and took extensive efforts of our Mint team and our Bureau of Fiscal Services partner, the Administrative Resource Center. This upgrade will help ensure our financial data, records, and reports continue to be consistent with the business standards of today.

The statements presented here are in compliance with accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). The FASAB is designated by the American Institute of Certified Public Accountants as the standard-setting body for the financial statements of federal government entities, with respect to establishment of the United States Generally Accepted Accounting Principles. In addition, the Mint conducted a comprehensive assessment of the effectiveness of internal controls over financial reporting. Based upon the results of this review, we can provide unmodified assurance that internal controls over financial reporting are operating effectively in accordance with Office of Management and Budget Circular A-123.

We will continue to adhere to sound fiscal principles, look for ways to improve the financial results of operations, and invest wisely in support of our mission to serve our customers.



David Motl, Chief Financial Officer



David Motl
United States Mint
Chief Financial Officer



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General
United States Department of the Treasury

Deputy Director
United States Mint:

Report on the Financial Statements

We have audited the accompanying financial statements of the United States Mint, which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Mint as of September 30, 2014 and 2013, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the *Management's Discussion and Analysis*, and *Required Supplementary Information* sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The *Deputy Director's Letter*, *Organizational Profile*, *The United States Mint at a Glance*, *Message from the Chief Financial Officer*, *Other Information* and *Appendix 1: FY 2014 Coin and Medal Products* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the United States Mint's internal control over financial reporting and our report dated December 11, 2014 on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United States Mint's internal control over financial reporting and compliance.

KPMG LLP

December 11, 2014

**DEPARTMENT OF THE TREASURY UNITED STATES MINT
BALANCE SHEETS**

As of September 30, 2014 and 2013

	2014	2013
	(dollars in thousands)	
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 780,867	\$ 713,156
Advances and Prepayments (Note 5)	1,530	2,271
Total Intragovernmental Assets	782,397	715,427
Custodial Gold and Silver Reserves (Note 6)	10,493,740	10,493,740
Accounts Receivable, Net (Note 4)	18,222	20,437
Inventory (Notes 7 and 20)	547,778	472,017
Supplies	13,845	14,214
Property, Plant and Equipment, Net (Note 8)	186,451	183,309
Advances and Prepayments (Note 5)	2	1
Total Non-Intragovernmental Assets	\$ 11,260,038	\$ 11,183,718
Total Assets (Notes 2 and 14)	\$ 12,042,435	\$ 11,899,145
Heritage Assets (Note 9)		
Liabilities		
Intragovernmental:		
Accounts Payable	\$ 5,645	\$ 5,536
Accrued Workers' Compensation and Benefits	7,390	7,919
Total Intragovernmental Liabilities	13,035	13,455
Custodial Liability to Treasury (Note 6)	10,493,740	10,493,740
Accounts Payable	89,950	21,169
Surcharges Payable (Note 3)	9,569	6,128
Accrued Payroll and Benefits	15,034	13,155
Other Actuarial Liabilities	31,428	31,543
Unearned Revenue	2,935	2,756
Deposit Fund Liability (Notes 10 and 12)	94	94
Total Non-Intragovernmental Liabilities	\$ 10,642,750	\$ 10,568,585
Total Liabilities (Notes 10)	\$ 10,655,785	\$ 10,582,040
Commitments and Contingencies (Notes 12 and 13)		
Net Position		
Cumulative Results of Operations - Funds from		
Dedicated Collections (Note 14)	1,386,650	1,317,105
Total Liabilities and Net Position	\$ 12,042,435	\$ 11,899,145

The accompanying notes are an integral part of these financial statements.

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF NET COST

For the years ended September 30, 2014 and 2013

	2014	2013
	(dollars in thousands)	
Numismatic Production and Sales		
Gross Cost	\$ 2,231,346	\$ 3,591,557
Less Earned Revenue	(2,281,950)	(3,717,423)
Net Program Cost (Revenue)	(50,604)	(125,866)
Numismatic Production and Sales of Circulating Coins		
Gross Cost	8,799	10,347
Less Earned Revenue (Note 16)	(8,799)	(10,347)
Net Program Cost (Revenue)	-	-
Circulating Production and Sales		
Gross Cost	493,931	440,608
Less Earned Revenue (Note 16)	(493,931)	(440,608)
Net Program Cost (Revenue)	-	-
Net Cost (Revenue) Before Protection of Assets	(50,604)	(125,866)
Protection of Assets		
Protection Costs	39,562	43,163
Less Earned Revenue	-	(27)
Net Cost of Protection of Assets	39,562	43,136
Net Cost (Revenue) from Operations (Notes 14 and 15)	\$ (11,042)	\$ (82,730)

The accompanying notes are an integral part of these financial statements.

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF CHANGES IN NET POSITION

For the years ended September 30, 2014 and 2013

	2014	2013
	(dollars in thousands)	
Cumulative Results of Operations		
Net Position, Beginning of Year - Funds from Dedicated Collections	\$ 1,317,105	\$ 1,445,653
Financing Sources:		
Transfers to the Treasury General Fund Budget (Note 19)	(22,000)	(41,999)
Transfers to the Treasury General Fund Non-Budget (Note 19)	(250,000)	(350,000)
Other Financing Sources (Seigniorage) (Note 16)	317,201	166,691
Imputed Financing Sources (Note 11)	13,302	13,757
Transfer in Without Reimbursement	-	273
Total Financing Sources	58,503	(211,278)
Net Revenue from Operations	11,042	82,730
Net Position, End of Year - Funds from		
Dedicated Collections (Note 14)	\$ 1,386,650	\$ 1,317,105

The accompanying notes are an integral part of these financial statements.

**DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF BUDGETARY RESOURCES**

For the years ended September 30, 2014 and 2013

	2014	2013
	(dollars in thousands)	
Budgetary Resources:		
Unobligated balance, brought forward, October 1	\$ 496,291	\$ 693,852
Recoveries of prior-year unpaid obligations	17,578	41,809
Other changes in unobligated balance	(22,000)	(41,999)
Unobligated balance from prior year budget authority, net	491,869	693,662
Spending Authority from Offsetting Collections	2,876,503	3,961,232
Total Budgetary Resources	\$ 3,368,372	\$ 4,654,894
Status of Budgetary Resources:		
Obligations Incurred (Note 17)	\$ 2,861,633	\$ 4,158,603
Unobligated balance, end of year		
Apportioned	506,739	496,291
Total Budgetary Resources	\$ 3,368,372	\$ 4,654,894
Change in Obligated Balances:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 198,438	\$ 276,501
Obligations Incurred (Note 17)	2,861,633	4,158,603
Gross Outlays	(2,762,475)	(4,194,857)
Recoveries of Prior Year Unpaid Obligations	(17,578)	(41,809)
Unpaid obligations, end of year	\$ 280,018	\$ 198,438
Uncollected Payments:		
Uncollected customer payments from Federal Sources, Brought Forward, October 1	\$ (5,964)	\$ (5,930)
Change in uncollected customer payments from Federal sources	(20)	(34)
Uncollected payments, Federal sources, end of year	\$ (5,984)	\$ (5,964)
Memorandum (non-add) entries:		
Obligated balance, start of year	\$ 192,474	\$ 270,571
Obligated Balance, end of year	\$ 274,034	\$ 192,474
Budget Authority and Outlays, Net:		
Budget Authority, gross	\$ 2,876,503	\$ 3,961,232
Actual offsetting collections	(2,852,186)	(3,985,495)
Change in uncollected customer payments from Federal Sources	(20)	(34)
Budget Authority, net	\$ (24,297)	\$ (24,297)
Outlays, gross	\$ 2,762,475	\$ 4,194,857
Actual offsetting collections	(2,852,186)	(3,985,495)
Outlays, Net	\$ (89,711)	\$ 209,362

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended September 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY Established in 1792, the United States Mint (Mint) is a bureau of the Department of the Treasury (Treasury). The mission of the Mint is to serve the American people by manufacturing and distributing circulating, precious metal and collectible coins, national medals, and providing security over assets entrusted to us. Numismatic products include medals; proof coins; uncirculated coins; platinum, gold, and silver bullion coins; commemorative coins; and related products or accessories. Custodial assets consist of the United States gold and silver reserves. These custodial assets are often referred to as “deep storage” and “working stock,” and are reported on the Balance Sheet.

The production of numismatic products is financed through sales to the public. The production of circulating coinage is financed through sales of coins at face value to the Federal Reserve Banks (FRBs). Additionally, the Mint sells certain circulating products directly to the public as numismatic items. Activities related to protection of United States gold and silver reserves are funded by the Mint Public Enterprise Fund (PEF). Pursuant to Public Law 104-52, *Treasury, Postal Service, and General Government Appropriation Act for FY 1996*, as codified at 31 U.S.C. § 5136, the PEF was established to account for all receipts and expenses related to production and sale of numismatic items and circulating coinage, as well as protection activities. Expenses accounted for in the PEF include the entire cost of operating the bureau. Any amount in the PEF that is determined to be in excess of the amount required by the PEF is transferred to the Treasury General Fund.

Treasury’s Bullion Fund (Bullion Fund) is used to account for United States gold and silver reserves. Separate Schedules of Custodial Deep Storage Gold and Silver Reserves have been prepared for the deep storage portion of the United States gold and silver reserves for which the Mint serves as custodian.

BASIS OF ACCOUNTING AND PRESENTATION The accompanying financial statements were prepared based on the reporting format promulgated by Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, and in accordance with accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). The Mint’s financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and budgetary resources, as required by 31 U.S.C. § 5134.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Accounts subject to estimates include, but are not limited to, depreciation, imputed costs, payroll and benefits, accrued worker’s compensation, allowance for uncollectible accounts receivable, and unemployment benefits.

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual method, revenues and other financing sources are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

EARNED REVENUES AND OTHER FINANCING SOURCES (SEIGNIORAGE)

Numismatic Sales: Revenue from numismatic sales to the public is recognized when products are shipped to customers. Prices for most numismatic products are based on the product cost plus a reasonable net margin. Bullion coins are priced based on the market price of the precious metals plus a premium to cover manufacturing, marketing, and distribution costs.

Numismatic Sales of Circulating Coins: Specially packaged products containing circulating coins are sold directly to the public rather than to the FRB. These products are treated as a circulating and numismatic hybrid product. Revenue is recognized when products are shipped to customers.

Circulating Sales: The PEF provides for the sale of circulating coinage at face value to the FRBs. Revenue from the sale of circulating coins is recognized when the product is shipped to the FRBs. Revenue from the sale of circulating coins to the FRBs and numismatic sales of circulating coins to the public is limited to the recovery of the cost of manufacturing and distributing those coins. Seigniorage is a financing source and not considered as revenue.

Other Financing Source (Seigniorage): Seigniorage equals the face value of newly minted coins, less the cost of production (which includes the cost of metal, manufacturing, and transportation). Seigniorage adds to the government's cash balance, but unlike the payment of taxes or other receipts, it does not involve a transfer of financial assets from the public. Instead, it arises from the exercise of the government's sovereign power to create money and the public's desire to hold financial assets in the form of coins. Therefore, the President's budget excludes seigniorage from receipts and treats it as a means of financing.

Rental Revenue: The Mint sublets office space at cost to other federal entities in a leased building in Washington, D.C. A commercial vendor subleases a portion of the first floor space of the same building.

FUND BALANCE WITH TREASURY All cash is maintained at the Treasury. Fund Balance with Treasury is the aggregate amount of the Mint's cash accounts with the United States government's central accounts and from which the bureau is authorized to make expenditures. It is an asset because it represents the Mint's claim to United States government resources.

ACCOUNTS RECEIVABLE Accounts receivable are amounts owed to the Mint from the public and other federal entities. An allowance for uncollectible accounts receivable is established for all accounts that are more than 120 days past due. However, the Mint will continue collection action on those accounts that are more than 120 days past due, as specified by the *Debt Collection Improvement Act of 1996*.

INVENTORIES Inventories of circulating and numismatic coinage are valued at the lower of either cost or market. Costs of the metal and fabrication components of the inventories are determined using a weighted average inventory methodology. Conversion costs (i.e., the cost to convert the fabricated blank into a finished coin) are valued using a standard cost methodology. The Mint uses three classifications for inventory: raw material (raw metal, unprocessed coil, or blanks), work-in-process (WIP – material being transformed to finished coins), and finished goods (coins that are packaged or bagged and ready for sale or shipment to the public or the FRB).

UNITED STATES CUSTODIAL GOLD AND SILVER RESERVES United States gold and silver reserves consist of both “deep storage” and “working stock” gold and silver.

Deep Storage is defined as that portion of the United States gold and silver reserves which the Mint secures in sealed vaults. Deep storage gold comprises the vast majority of the bullion reserve and consists primarily of gold bars. Deep storage silver is also primarily in bar form.

Working Stock is defined as that portion of the United States gold and silver bullion reserves which the Mint can use as the raw material for minting coins. Working stock gold comprises only about one percent of the gold bullion reserve and consists of bars, blanks, unsold coins, and condemned coins. Similarly, working stock silver consists of bars, blanks, unsold coins, and condemned coins.

Treasury allows the Mint to use some of its gold as working stock in the production of gold coins. This allows the Mint to avoid the market risk associated with buying gold in advance of the sales date of the gold coins. The Mint replenishes the Treasury gold working stock at or just prior to the time the coins are sold. Generally, the Mint does not deplete the working stock used in production. Instead, the Mint will purchase a like amount of gold on the open market to replace the working stock used.

Treasury also allows the Mint to use silver as working stock. However, Treasury does not have enough silver to fulfill all Mint manufacturing needs. Accordingly, for the purpose of avoiding market risk associated with owning silver, the Mint has entered into a silver hedging arrangement (see Note 20).

SUPPLIES Supplies are items that are not considered inventory and are not a part of the finished product. These items include plant engineering and maintenance supplies, as well as die steel and coin dies. Supplies are accounted for using the consumption method, in which supplies are recognized as assets upon acquisition and expensed as they are consumed.

ADVANCES AND PREPAYMENTS Payments in advance of the receipt of goods and services are recorded as an asset at the time of prepayment, and are expensed when related goods and services are received or used.

PROPERTY, PLANT, AND EQUIPMENT Property, plant, and equipment are valued at cost, less accumulated depreciation. The Mint’s threshold for capitalizing new property, plant, and equipment is \$25,000 for single purchases and \$500,000 for bulk purchases. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

Computer Equipment	3 to 5 years
Software	2 to 10 years
Machinery and Equipment	7 to 20 years
Structures, Facilities, and Leasehold Improvements	10 to 30 years

Major alterations and renovations are capitalized over a 20-year period, or the remaining useful life of the asset (whichever is shorter) and depreciated using the straight-line method, while maintenance and repair costs are charged to expense as incurred. There are no restrictions on the use or convertibility of general property, plant, and equipment.

HERITAGE ASSETS Heritage assets are items that are unique because of their historical, cultural, educational, or artistic importance. These items are collection-type assets that are maintained for exhibition and are preserved indefinitely.

LIABILITIES Liabilities represent actual and estimated amounts likely to be paid as a result of transactions or events that have already occurred. All liabilities covered by budgetary resources can be paid from revenues received by the PEF.

SURCHARGES Public laws authorizing commemorative coin and medal programs often require that the sales price of each coin include an amount called a surcharge. A surcharge is an authorized collection and payment of funds to a qualifying organization for the purposes specified. A surcharges payable account is established for surcharges collected, but not yet paid, to designated recipient organizations.

Recipient organizations cannot receive surcharge payments unless all of the Mint's operating costs for the coin program are fully recovered. The Mint may make interim surcharge payments during a commemorative program if the recipient organization meets the eligibility criteria in the authorizing public law, if the recovery of all costs of the program is determinable, and if the Mint is assured it is not at risk of a loss. Additionally, recipient organizations must demonstrate that they have raised from private sources an amount equal to or greater than the surcharges collected based on sales. Recipient organizations must also prove compliance with Title VI of the Civil Rights Act of 1964 and other applicable civil rights laws. A recipient organization has two years from the end of the program to meet the matching funds requirement.

FUNDS FROM DEDICATED COLLECTIONS Pursuant to 31 U.S.C. § 5136, the PEF was established as the sole funding source for Mint activities. The PEF meets the requirements of a fund from dedicated collections as defined in *Statement of Federal Financial Accounting Standard (SFFAS 43): Funds from Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*. As non-entity and non-PEF assets, the United States gold and silver bullion reserves are not considered to be funds from dedicated collections.

UNEARNED REVENUES These are amounts received for numismatic orders which have not yet been shipped to the customer.

RETURN POLICY If for any reason a numismatic customer is dissatisfied, the entire product must be returned within seven days of receiving the order to receive a refund or replacement. Shipping charges are not refunded. Further, the Mint will not accept partial returns or issue partial refunds. Historically, the Mint receives few returns, which are immaterial. Therefore, no reserve for returns is considered necessary.

SHIPPING AND HANDLING The Mint reports shipping and handling costs of circulating coins and numismatic products as a cost of goods sold. General postage costs for handling administrative mailings are reported as part of the Mint's general and administrative expenses.

ANNUAL, SICK AND OTHER LEAVE Annual leave is accrued when earned and reduced as leave is taken. The balance in the accrued leave account is calculated using current pay rates. Sick leave and other types of non-vested leave are charged to operating costs as they are used.

ACCRUED WORKERS' COMPENSATION AND OTHER ACTUARIAL LIABILITIES The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to cover Federal civilian employees injured on the job or who have developed a work-related occupational disease, and to pay beneficiaries of employees whose deaths are attributable to job-related injuries or occupational disease. The FECA program is administered by the United States Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from the Mint for these paid claims. The FECA liability is based on two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Mint. There is generally a two- to three-year time period between payment by DOL and DOL's request for reimbursement from the Mint. The second component is the actuarial liability, which estimates the liability for future payments as a result of past events. The actuarial liability includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases.

PROTECTION COSTS United States gold and silver reserves are in the custody of the Mint, which is responsible for safeguarding the reserves. These costs are borne by the Mint, but are not directly related to the circulating or numismatic coining operations of the Mint. The Protection Department is a separate function from coining operations and is responsible for safeguarding the reserves, as well as Mint employees and facilities.

OTHER COST AND EXPENSES (MUTILATED AND UNCURRENT) Other costs and expenses consist primarily of returns of mutilated or uncurrent coins to the Mint. Coins that are chipped, fused, and/or not machine-countable are classified as mutilated. The Mint reimburses the entity that sent in the mutilated coins using weight formulas that estimate the face value of these coins. Uncurrent coins are worn, but machine-countable, and their genuineness and denominations are still recognizable. Uncurrent coins are replaced with new coins of the same denomination by the FRBs. The FRBs then seek replacement coins from the Mint. All mutilated or uncurrent coins received by the Mint are defaced and subsequently sold to its fabrication contractors to be processed into coils or blanks to be used in future coin production.

TAX EXEMPT STATUS As a bureau of the Federal Government, the Mint is exempt from all taxes imposed by any governing body, whether it is a federal, state, commonwealth, local, or foreign government.

CONCENTRATIONS The Mint purchases the coil and blanks used in the production of circulating coins from three vendors at competitive market prices. The Mint also purchases precious metal blanks from four different suppliers.

CONTINGENT LIABILITIES Certain conditions may exist as of the date of the financial statements that may result in a loss to the government, but which will be resolved only when one or more future events occur or fail to occur. The Mint recognizes a loss contingency when the future outflow or other sacrifice of resources is probable and reasonably estimable. Loss contingencies that are determined by management to have a reasonably possible chance of occurring or that cannot be estimated are included as a footnote to the financial statements. Contingent liabilities considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee is disclosed.

TRANSFERS TO THE TREASURY GENERAL FUND The Mint may transfer amounts determined to be in excess of the amounts required for bureau operations and programs to the Treasury General Fund periodically throughout the fiscal year. Seigniorage derived from the sale of circulating coins and the sale of numismatic products containing circulating coins is a non-budget receipt to the Treasury General Fund. Non-budget means that these funds cannot be used for currently funded programs or to reduce the annual budget deficit. Instead, they are used solely as a financing source (i.e., they reduce the amount of cash that Treasury has to borrow to pay interest on the national debt).

Revenue generated from the sale of numismatic products is transferred to the Treasury General Fund as a budget receipt. Unlike seigniorage, the numismatic transfer amount is available to the Federal Government as current operating cash or it can be used to reduce the annual budget deficit.

BUDGETARY RESOURCES The Mint does not receive an appropriation from the Congress. Instead, the bureau receives all financing from the public and the FRBs, and receives an apportionment of those funds from OMB. This apportionment is considered a budgetary authority, which allows the Mint to spend the funds. The Mint’s budgetary resources consist of unobligated balances, transfers, and spending authority from offsetting collections, which is net of amounts that are permanently not available. “Permanently not available” funds are budget transfers to the Treasury General Fund.

HEDGING The Mint engages in a hedging program to avoid the effects of fluctuating silver costs as a result of the changes in market prices. The Mint purchases silver in large quantities and sells an interest in that silver to a trading partner, while maintaining physical custody and title to the silver. Sales of silver to the trading partner are made at the same spot price that the Mint paid to obtain the silver on the open market. The partner’s interest in the Mint’s silver is reduced as finished silver bullion coins are sold to Authorized Purchasers (APs). Repurchases of the trading partner’s interest in the silver occurs upon sale of coins by the Mint. Repurchases are made on the same day as sales, in the same quantity sold, and using the same spot price as was used for the sale to the AP. Each sale to and from the trading partner carries a small transaction fee, the selling and buying fees net to a cost of one-half cent per ounce. The Mint incurred \$181 thousand in hedging fees in FY 2014, compared to \$212 thousand incurred in FY 2013.

RECLASSIFICATION Certain prior year amounts have been reclassified to conform to the September 30, 2014 presentation.

2. NON-ENTITY ASSETS

Components of Non-entity Assets at September 30 are as follows:

(dollars in thousands)	2014	2013
Custodial Gold Reserves (Deep Storage)	\$ 10,355,539	\$ 10,355,539
Custodial Silver Reserves (Deep Storage)	9,148	9,148
Custodial Gold Reserves (Working Stock)	117,514	117,514
Custodial Silver Reserves (Working Stock)	11,539	11,539
Total Non-entity Assets	<u>10,493,740</u>	<u>10,493,740</u>
Total Entity Assets	<u>1,548,695</u>	<u>1,405,405</u>
Total Assets	<u>\$ 12,042,435</u>	<u>\$ 11,899,145</u>

Non-entity assets are those that are held and managed by the Mint on behalf of the U.S. government but are not available for use by the Mint. United States gold and silver bullion reserves, for which the Mint is custodian, are non-entity assets.

3. FUND BALANCE WITH TREASURY

Fund Balance with Treasury at September 30 consists of:

(dollars in thousands)	2014	2013
Revolving Fund	\$ 780,773	\$ 713,062
Other Fund Types	94	94
Total of Fund Balance with Treasury	<u>\$ 780,867</u>	<u>\$ 713,156</u>
Status of Fund Balance with Treasury		
Unobligated Balance	\$ 506,739	\$ 496,291
Obligated Balance, Not Yet Disbursed	274,034	192,474
Adjustment for Authority Unavailable for Obligations	-	24,297
Non-Budgetary FBWT	94	94
Total	<u>\$ 780,867</u>	<u>\$ 713,156</u>

The Mint does not receive appropriated budget authority. The Fund Balance with Treasury is entirely available for use to support Mint operations. At September 30, 2014 and 2013, the revolving fund balance included \$9.6 million and \$6.1 million, respectively, in restricted amounts for possible payment of surcharges to recipient organizations.

4. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable are as follows:

(dollars in thousands)	September 30, 2014		
	Gross Receivables	Allowance	Net Receivables
Intragovernmental	\$ 5,946	\$(5,946)	\$ –
With the Public	18,562	(340)	18,222
Total Accounts Receivable	<u>\$ 24,508</u>	<u>\$(6,286)</u>	<u>\$ 18,222</u>

(dollars in thousands)	September 30, 2013		
	Gross Receivables	Allowance	Net Receivables
Intragovernmental	\$ 5,946	\$(5,946)	\$ –
With the Public	20,899	(462)	20,437
Total Accounts Receivable	<u>\$ 26,845</u>	<u>\$(6,408)</u>	<u>\$ 20,437</u>

Intragovernmental accounts receivable are fully reserved as of September 30, 2014 and 2013. The Mint entered into an arrangement for the production and sale of a joint numismatic product with another federal agency. The other agency owes the Mint approximately \$5.9 million, which the bureau has been unable to collect. In keeping with the Mint write-off policy, the debt has been moved to the Allowance for Uncollectible Accounts account, which produces a net intragovernmental accounts receivable amount of zero.

Receivables with the public at September 30, 2014, are \$18.6 million, of which \$13.6 million is owed by fabricators for scrap, webbing, and mutilated coin. The remaining \$5.0 million is owed by the public for numismatic products. This compares to receivables with the public at September 30, 2013, of \$20.9 million, of which \$17.5 million was owed by fabricators for scrap and webbing, in addition to the \$3.4 million owed by the public for numismatic products. The allowance for doubtful accounts is the balance of the accounts receivable with the public that is past due by 120 days or more. Collection action continues on these accounts, but an allowance is recorded.

5. ADVANCES AND PREPAYMENTS

The components of advances and prepayments at September 30 are as follows:

(dollars in thousands)	2014	2013
Intragovernmental	\$ 1,530	\$ 2,271
With the Public	2	1
Total Other Assets	<u>\$ 1,532</u>	<u>\$ 2,272</u>

In prior years, a large portion of the advances and prepayment balance related to the Working Capital Fund (WCF). On October 1, 2013, all balances were transferred to the Treasury Franchise Fund (TFF) from the Working Capital Fund. Treasury ended its practice of collecting advances to fund the WCF and moved to a reimbursable activity, which is why the WCF/TFF advance balance has decreased since FY 2012 and currently is zero as the TFF is billing actual cost for services rendered. In FY 2014, the Mint paid the TFF for a variety of centralized services. The balance of approximately \$1.5 million represents payments made to the United States Postal Service for product delivery services as of September 30, 2014, compared to approximately \$1.3 million paid at September 30, 2013. Advances with the public for both FY 2014 and 2013 are outstanding travel advances to Mint employees who were traveling on government business.

6. CUSTODIAL GOLD AND SILVER RESERVES

As custodian, the Mint is responsible for safeguarding much of the United States gold and silver reserves, which include deep storage and working stock. The asset and the custodial liability to Treasury are reported on the Balance Sheet at statutory rates. In accordance with 31 U.S.C. § 5117(b) and 31 U.S.C. § 5116(b)(2), statutory rates of \$42.2222 per fine troy ounce (FTO) of gold and no less than \$1.292929292 per FTO of silver are used to value the custodial assets held by the Mint.

The market values for gold and silver as of September 30 are determined by the London Gold Fixing (PM) rate. Amounts and values of gold and silver in custody of the Mint as of September 30 are as follows:

	2014	2013
Gold - Deep Storage:		
Inventories (FTO)	245,262,897	245,262,897
Market Value (\$ per FTO)	\$ 1,216.50	\$ 1,326.50
Market Value (\$ in thousands)	\$ 298,362,314	\$ 325,341,233
Statutory Value (\$ in thousands)	\$ 10,355,539	\$ 10,355,539
Gold - Working Stock:		
Inventories (FTO)	2,783,219	2,783,219
Market Value (\$ per FTO)	\$ 1,216.50	\$ 1,326.50
Market Value (\$ in thousands)	\$ 3,385,786	\$ 3,691,940
Statutory Value (\$ in thousands)	\$ 117,514	\$ 117,514
Silver - Deep Storage:		
Inventories (FTO)	7,075,171	7,075,171
Market Value (\$ per FTO)	\$ 17.11	\$ 21.68
Market Value (\$ in thousands)	\$ 121,056	\$ 153,390
Statutory Value (\$ in thousands)	\$ 9,148	\$ 9,148
Silver - Working Stock:		
Inventories (FTO)	8,924,829	8,924,829
Market Value (\$ per FTO)	\$ 17.11	\$ 21.68
Market Value (\$ in thousands)	\$ 152,704	\$ 193,490
Statutory Value (\$ in thousands)	\$ 11,539	\$ 11,539
Total Market Value of Custodial Gold and Silver Reserves (\$ in thousands)	\$ 302,021,860	\$ 329,380,053
Total Statutory Value of Custodial Gold and Silver Reserves (\$ in thousands)	\$ 10,493,740	\$ 10,493,740

7. INVENTORY

The components of inventories at September 30 are summarized below:

(dollars in thousands)	2014	2013
Raw Materials	\$ 350,772	\$ 320,092
Work-In-Process	77,018	62,168
Inventory held for current sale	119,988	89,757
Total Inventory	<u>\$ 547,778</u>	<u>\$ 472,017</u>

Raw materials consist of unprocessed materials and by-products of the manufacturing process and the metal value of unusable inventory, such as scrap or condemned coins, which will be recycled into a usable raw material. In addition, as of September 30, 2014 and 2013, the inventory includes \$301.9 million and \$251.8 million, respectively, which are the market values of the silver hedged. Additional information can be found in note 20. Work-in-process consists of semi-finished materials.

On September 23, 2013, the Mint began to lease platinum to avoid the effects of fluctuating platinum costs as a result of the changes in market prices. The Mint leases platinum for a fee of 0.5 percent and takes physical possession of the metal to manufacture platinum bullion coins. Upon sale to the customer, the Mint purchases the platinum from the lessor on the same day for the same market price. In FY 2014, the Mint paid \$373 thousand in leasing fees.

8. PROPERTY, PLANT, AND EQUIPMENT, NET

Components of property, plant and equipment are as follows:

(dollars in thousands)	September 30, 2014		
	Asset Cost	Accumulated Depreciation and Amortization	Total Property, Plant and Equipment, Net
Land	\$ 2,529	\$ —	\$ 2,529
Structures, Facilities and Leasehold Improvements	215,603	(137,517)	78,086
Computer Equipment	26,527	(24,394)	2,133
ADP Software	15,101	(14,571)	530
Construction-In-Progress	23,020	—	23,020
Machinery and Equipment	295,472	(215,319)	80,153
Total Property, Plant and Equipment, Net	<u>\$ 578,252</u>	<u>\$ (391,801)</u>	<u>\$ 186,451</u>

(dollars in thousands)	September 30, 2013		
	Asset Cost	Accumulated Depreciation and Amortization	Total Property, Plant and Equipment, Net
Land	\$ 2,529	\$ —	\$ 2,529
Structures, Facilities and Leasehold Improvements	211,769	(134,074)	77,695
Computer Equipment	26,036	(24,000)	2,036
ADP Software	14,943	(14,466)	477
Construction-In-Progress	14,284	—	14,284
Machinery and Equipment	286,587	(200,299)	86,288
Total Property, Plant and Equipment, Net	<u>\$ 556,148</u>	<u>\$ (372,839)</u>	<u>\$ 183,309</u>

The land and buildings used to manufacture circulating coinage and numismatic products are owned by the Mint and located in Philadelphia, Denver, San Francisco, and West Point. In addition, the Mint owns the land and buildings at the United States Bullion Depository at Fort Knox. Construction-in-progress (CIP) represents assets that are underway, such as in the process of being readied for use, or which are being tested for acceptability, but which are not yet being fully utilized by the Mint and, therefore, not being depreciated. Depreciation and amortization expenses charged to operations during FY 2014 and FY 2013 were \$25.3 million and \$26.5 million, respectively.

9. HERITAGE ASSETS

The Mint maintains collections of heritage assets, which are any property, plant, or equipment that are retained by the Mint for their historic, natural, cultural, educational, or artistic value, or significant architectural characteristics. For example, the Mint's historical artifacts include, among other things, examples of furniture and equipment used in the Mint's facilities over the years, as well as examples of the coin manufacturing process, such as plasters, galvanos, dies, punches, and actual finished coins. The coin collections include examples of the various coins produced by the Mint over the years, separated into collections of pattern pieces/prototypes, coin specimens, quality samples, and exotic metal coin samples. The buildings housing the Mint's facilities at Denver, West Point, San Francisco, and Fort Knox are all considered multi-use heritage assets. The Mint generally does not place a value on heritage assets, even though some of the coins and artifacts are priceless. However, the assets are accounted for, and controlled for, protection and conservation purposes. The following chart represents the Mint's various collections and historical artifacts.

Coin Collections	Quantity of Collections Held September 30,	
	2014	2013
Pattern Pieces/Prototypes	1	1
Coin Specimens	1	1
Quality Samples	1	1
Exotic Metal Coin Samples	1	1
Total	<u>4</u>	<u>4</u>

Historical Artifacts	Quantity of Collections Held September 30,	
	2014	2013
Antiques/Artifacts	1	1
Plasters	1	1
Galvanos	1	1
Dies	1	1
Punches	1	1
Historical Documents	1	1
Multi-use heritage assets	4	4
Total	<u>10</u>	<u>10</u>

10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Components of Liabilities Not Covered by Budgetary Resources at September 30 are as follows:

(dollars in thousands)	2014	2013
Custodial Gold Reserves (Deep Storage)	\$ 10,355,539	\$ 10,355,539
Custodial Silver Reserves (Deep Storage)	9,148	9,148
Working Stock Inventory - Gold	117,514	117,514
Working Stock Inventory - Silver	11,539	11,539
Other	94	94
Total Liabilities Not Covered by Budgetary Resources	<u>\$ 10,493,834</u>	<u>\$ 10,493,834</u>
Total Liabilities Covered by Budgetary Resources	<u>161,951</u>	<u>88,206</u>
Total Liabilities	<u>\$ 10,655,785</u>	<u>\$ 10,582,040</u>

Liabilities not covered by budgetary resources represent the Mint's custodial liabilities to the Treasury that are entirely offset by United States gold and silver reserves held by the Mint on behalf of the federal government. The category "Other" represents a refundable security deposit related to a lease.

11. RETIREMENT PLANS, OTHER POST-EMPLOYMENT COSTS AND OTHER IMPUTED COSTS

The Mint contributes seven percent of basic pay for employees participating in the Civil Service Retirement System (CSRS). Most employees hired after December 31, 1983, are automatically covered by the Federal Employees' Retirement System (FERS) and Social Security. A primary feature of FERS is that it offers a savings plan to which the Mint automatically contributes one percent of basic pay and matches employee contributions up to an additional four percent of basic pay. Employees can contribute a specific dollar amount or a percentage of their basic pay, as long as the annual dollar total does not exceed the Internal Revenue Code limit of \$17,500 for calendar year 2014 (a \$5,500 catch-up contribution can be given by participants age 50 and older in addition to the \$17,500 contribution). Employees participating in FERS are covered by the Federal Insurance Contribution Act (FICA), for which the Mint contributes a matching amount to the Social Security Administration.

Although the Mint contributes a portion for pension benefits and makes the necessary payroll deductions, it is not responsible for administering either CSRS or FERS. Administering and reporting on pension benefit programs are the responsibilities of the Office of Personnel Management (OPM).

OPM has provided the Mint with certain cost factors that estimate the cost of providing the pension benefit to current employees. The cost factors of 32.8 percent of basic pay for CSRS-covered employees and 15.1 percent of basic pay for FERS-covered employees were in use for FY 2014. The CSRS and FERS factors were 32.3 percent and 14.2 percent, respectively, in FY 2013.

The amounts that the Mint contributed to the retirement plans and Social Security for the year ended September 30 are as follows:

(dollars in thousands)	2014	2013
Social Security System	\$ 7,431	\$ 7,325
Civil Service Retirement System	882	994
Federal Employees Retirement System (Retirement and Thrift Savings Plan)	13,247	13,342
Total Retirement Plans and Other Post-employment Cost	<u>\$ 21,560</u>	<u>\$ 21,661</u>

The Mint also recognizes its share of the future cost of pension payments and post-retirement health and life insurance benefits for employees while they are still working with an offset classified as imputed financing. OPM continues to report the overall liability of the Federal Government and make direct recipient payments. OPM has provided certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The cost factors relating to health benefits are \$5,169 and \$5,190 per employee enrolled in the Federal Employees Health Benefits Program in FY 2014 and FY 2013, respectively. The cost factor relating to life insurance is two-one hundredths percent (.02 percent) of basic pay for employees enrolled in the Federal Employees Group Life Insurance Program for both FY 2014 and FY 2013.

The amount of imputed cost related to retirement plans and other post-employment costs incurred by the Mint for the year ended September 30 is as follows (before the offset for imputing financing):

(dollars in thousands)	2014	2013
Health Benefits	\$ 7,654	\$ 7,872
Life Insurance	20	32
Pension Expense	5,049	4,466
Total Imputed Retirement and Postemployment Costs	<u>\$ 12,723</u>	<u>\$ 12,370</u>

In addition to the pension and retirement benefits described above, the Mint records imputed costs and financing for Treasury Judgment Fund payments made on behalf of the Mint. Entries are made in accordance with FASAB Interpretation No. 2. During FY 2014, the Judgment Fund paid \$165 thousand on behalf of the Mint for the clean-up of an EPA Superfund site and for a tort claim. The EPA Superfund payment was part of a multi-year court order, which requires that the Mint and two other federal agencies pay for cleaning up the site. Payments are made by the Judgment Fund when the judge in the case determines that the site owner has submitted valid bills for clean-up work. Also during FY 2014, the Mint received unreimbursed services (imputed financing) from another federal agency in the amount of \$0.4 million. During FY 2013, entries for Judgment Fund payments totaled approximately \$1.4 million.

12. LEASE COMMITMENTS

THE MINT AS LESSEE: The Mint leases office and warehouse space from commercial vendors, the General Services Administration (GSA), and the Bureau of Engraving and Printing. In addition, the Mint leases copiers and other office equipment from commercial vendors and vehicles from GSA. With the exception of the commercial lease on an office building in Washington, D.C., all leases are one-year, or one-year with renewable option years. The Headquarters building lease in Washington, D.C. has a term of 20 years with renewal options. Because all of the Mint's leases can be canceled, there are no minimum lease payments due.

THE MINT AS LESSOR: The Mint sublets office space at cost to several other federal entities in the leased Headquarters building in Washington, D.C. As of September 30, 2014, the Mint sublet in excess of 56,000 square feet in the leased building. Tenants include the Internal Revenue Service, Treasury Executive Institute, and U.S. Marshals Service. All of the subleases are operating leases and subject to annual availability of funding. The Mint has also entered into an agreement to sublet space in the Headquarters building to a commercial tenant. The Mint received a security deposit from the tenant of \$94,500.

Future Projected Receipts:	Building Sub-lease
Year 5 (FY 2015)	\$378,000
Year 6 (FY 2016)	404,460
Year 7 (FY 2017)	404,460
Year 8 (FY 2018)	404,460
Year 9 (FY 2019)	404,460
Total Future Operating Lease Receipts	<u>\$1,995,840</u>

13. CONTINGENCIES

The Mint is subject to legal proceedings and claims which arise in the ordinary course of its business. Judgments, if any, resulting from pending litigation against the Mint generally would be satisfied from the PEF. Likewise, under the *Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002* (No FEAR Act, P. L. 107-174), settlements and judgments related to acts of discrimination and retaliation for whistle blowing will be paid from the PEF. In the opinion of management, the ultimate resolution of these actions will not significantly affect the Mint's financial position or the results of its operations.

The Chief Counsel of the Mint provided a Legal Representation Letter reflecting no expected significant loss resulting from pending legal cases.

14. FUNDS FROM DEDICATED COLLECTIONS (FORMERLY EARMARKED FUNDS)

Pursuant to 31 U.S.C. § 5136, all receipts from Mint operations and programs, including the production and sale of numismatic items, the production and sale of circulating coinage at face value to the FRB, the protection of government assets, and gifts and bequests of property, real or personal shall be deposited into the PEF and shall be available to fund its operations without fiscal year limitations.

The PEF meets the requirements of funds from dedicated collections as defined in *Statement of Federal Financial Accounting Standards (SFFAS) 43 Funds from Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*. As non-entity and non-PEF assets, the United States gold and silver reserves are not included in the funds from dedicated collections.

15. INTRAGOVERNMENTAL COSTS AND EARNED REVENUE

Intragovernmental costs and earned revenue reflect transactions in which both the buyer and seller are federal entities. Revenue with the public reflects transactions for goods or services with a non-federal entity. The purpose for this classification is to enable the federal government to prepare consolidated financial statements. The following table provides earned revenues, gross cost, and net program revenue:

(dollars in thousands)	2014	2013
Numismatic Production and Sales		
Cost:		
Intragovernmental:		
Cost of Goods Sold	\$ 18,124	\$ 19,691
Selling, General and Administrative	18,632	19,451
Imputed Costs	6,086	6,395
Total Intragovernmental Costs	<u>42,842</u>	<u>45,537</u>
Public:		
Cost of Goods Sold	2,115,540	3,480,551
Selling, General and Administrative	72,964	65,469
Total Public Cost	<u>2,188,504</u>	<u>3,546,020</u>
Gross Cost	<u>2,231,346</u>	<u>3,591,557</u>
Revenue:		
Intragovernmental:		
Rent Revenues	2,866	3,093
Other Intragovernmental Revenues	27	45
Total Intragovernmental Revenues	<u>2,893</u>	<u>3,138</u>
Public	2,279,057	3,714,285
Total Earned Revenue	<u>2,281,950</u>	<u>3,717,423</u>
Net Program Cost (Revenue)	<u>\$ (50,604)</u>	<u>\$ (125,866)</u>
Numismatic Production and Sales of Circulating Coins		
Cost:		
Intragovernmental:		
Selling, General and Administrative	\$ 264	\$ 324
Total Intragovernmental Costs	<u>264</u>	<u>324</u>
Public:		
Cost of Goods Sold	7,500	8,934
Selling, General and Administrative	1,035	1,089
Total Public Cost	<u>8,535</u>	<u>10,023</u>
Gross Cost	<u>8,799</u>	<u>10,347</u>
Revenue:		
Public	8,799	10,347
Total Earned Revenue	<u>8,799</u>	<u>10,347</u>
Net Program Cost (Revenue)	<u>\$ -</u>	<u>\$ -</u>
Circulating Production and Sales		
Cost:		
Intragovernmental:		
Cost of Goods Sold	\$ 3,415	\$ 2,028
Selling, General and Administrative	12,279	13,444
Imputed Costs	7,219	7,363
Total Intragovernmental Costs	<u>22,913</u>	<u>22,835</u>
Public:		
Cost of Goods Sold	398,665	358,532
Selling, General and Administrative	46,235	43,494
Other Costs and Expenses (Mutilated and Uncurrent)	26,118	15,747
Total Public Cost	<u>471,018</u>	<u>417,773</u>
Gross Cost	<u>493,931</u>	<u>440,608</u>
Revenue:		
Other Intragovernmental Revenues	31	20
Public	493,900	440,588
Total Earned Revenue	<u>493,931</u>	<u>440,608</u>
Net Program Cost (Revenue)	<u>\$ -</u>	<u>\$ -</u>
Net Cost (Revenue) Before Protection of Assets	<u>\$ (50,604)</u>	<u>\$ (125,866)</u>

	2014	2013
Protection of Assets		
Cost:		
Intragovernmental:		
Protection Cost	\$ 7,965	\$ 7,617
Public:		
Protection Cost	31,597	35,546
Gross Cost	<u>\$ 39,562</u>	<u>\$ 43,163</u>
Revenue:		
Intragovernmental Revenue	–	\$ 27
Public	–	–
Total Earned Revenue	<u>–</u>	<u>\$ 27</u>
Net Cost of Protection of Assets	<u>\$ 39,562</u>	<u>\$ 43,136</u>
Net Cost (Revenue) from Operations	<u>\$ (11,042)</u>	<u>\$ (82,730)</u>

16. EARNED REVENUE AND OTHER FINANCING SOURCE (SEIGNIORAGE)

The Statement of Net Cost reflects the earned revenue and corresponding gross costs for Circulating Production and Sales and for Numismatic Production and Sales of Circulating Coins. Circulating Production and Sales represents coin sales to the FRB, and Numismatic Production and Sales of Circulating Coins represents sales of circulating coins to the public (i.e., numismatic customers). SFFAS Number 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, limits the amount of net program revenue from production of circulating coins to the cost of metal, manufacturing and transportation. OMB Circular A-136 defines the treatment of other financing sources on the Statement of Changes in Net Position, particularly as it relates to seigniorage. Therefore, on the Statement of Net Cost, earned revenue is recognized only to the extent of the gross cost of production. The difference between those costs and the face value of the coin is an “Other Financing Source” referred to as seigniorage. Any revenue over face value for circulating coins sold as numismatic items is considered earned revenue and included in the category Numismatic Production and Sales on the Statement of Net Cost.

The following chart reflects the two components of the receipts from the sale of circulating coin – the earned revenue from the Statement of Net Costs and Seigniorage from the Statement of Changes in Net position for the year ended September 30:

(dollars in thousands)	2014	2013
Revenue-FRB	\$ 493,931	\$ 440,608
Seigniorage-FRB	<u>289,103</u>	<u>137,415</u>
Total Circulating Coins	\$ 783,034	\$ 578,023
Revenue-with the public	\$ 8,799	\$ 10,347
Seigniorage-with the public	<u>28,098</u>	<u>29,276</u>
Total Numismatic sales of Circulating Coins	<u>\$ 36,897</u>	<u>\$ 39,623</u>
Total Seigniorage	<u>\$ 317,201</u>	<u>\$ 166,691</u>

17. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

The Mint receives apportionments of its resources from OMB. An apportionment is an OMB-approved plan to use budgetary resources. An apportionment typically limits the obligations an agency may incur for specified time periods, programs, activities, projects, objects, or any combination thereof. All Mint obligations are classified as reimbursable, as they are financed by offsetting collections received in return for goods and services provided. OMB uses several categories to distribute budgetary resources. Category A apportions budgetary resources by fiscal quarters. Category B apportions budgetary resources by program, project, activities, objects or a combination of these categories. Category AB apportions budgetary resources by a combination of fiscal quarters and projects. The Mint had category B and category AB apportionments in FY 2014.

The following chart reflects the amount of reimbursable obligations incurred against amounts apportioned under categories B and AB.

(dollars in thousands)	2014	2013
Category B		
Total Operating Expenses	\$2,787,590	\$4,130,179
Numismatic Capital	10,974	10,815
Circulating and Protection Capital	18,085	17,609
Category AB		
Order Management System	44,984	-
Total Apportionment		
Categories of Obligations Incurred	\$2,861,633	\$4,158,603

18. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between the Statement of Budgetary Resources (SBR) and the related actual balances published in the Budget of the United States Government (President’s Budget). The President’s Budget for FY 2014 is expected to be published in February 2015 and made available through OMB. Therefore, the analysis presented here is for the prior year (FY 2013) “actual” figures published in the President’s budget in February 2014. The following chart displays the comparison of the FY 2013 SBR and the actual FY 2013 balances included in the FY 2015 President’s Budget. The differences listed on the Total Budgetary Resources line and on the Unobligated Balances-available line are due to rounding.

(rounded to millions)	September 30, 2013	
	Statement of Budgetary Resources	President’s Budget
United States Mint Public Enterprise Fund		
Total Budgetary Resources	\$ 4,655	\$ 4,656
Status of Budgetary Resources:		
Obligations Incurred	\$ 4,159	\$ 4,159
Unobligated Balances-available	496	497
Total Status of Budgetary Resources	\$ 4,655	\$ 4,656
Net Outlays	\$ 209	\$ 209

19. LEGAL ARRANGEMENTS AFFECTING USE OF UNOBLIGATED BALANCES

The PEF statute establishes that all receipts from Mint operations and programs, including the production and sale of numismatic items, the production and sale of circulating coinage, the protection of government assets, and gifts and bequests of property, real or personal, shall be deposited into the PEF and shall be available without fiscal year limitations. Any amount that the Secretary of the Treasury determines to be in excess of the amount required by the PEF shall be transferred to the Treasury for deposit as miscellaneous receipts. At September 30, 2014 and 2013, the Mint transferred excess receipts to the Treasury General Fund of \$272 million and \$392 million, respectively.

20. HEDGING PROGRAM

At September 30, 2014 and 2013, the market value of the silver sold to the trading partner and not yet sold by the Mint and, therefore, not repurchased from the trading partner, was \$301.9 million and \$251.8 million, respectively. At September 30, 2014, the trading partner owed the Mint \$4.4 million in unpaid realized gains, while at September 30, 2013, neither the Mint nor the trading partner owed the other for unpaid realized gains or losses. In FY 2014, the Mint recorded an unrealized loss of \$5.7 million compared to an unrealized loss of \$4.0 million in FY 2013.

21. RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

(dollars in thousands)	For The Years Ended September 30,	
	2014	2013
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 2,861,633	\$ 4,158,603
Less: Spending Authority from		
Offsetting Collections and Recoveries	2,869,784	4,027,338
Net Obligations	(8,151)	131,265
Other Resources		
Transfers to the Treasury General Fund Budget	(22,000)	(41,999)
Transfers to the Treasury General Fund Non-Budget	(250,000)	(350,000)
Imputed Financing from Costs Absorbed by Others	13,302	13,757
Other Financing Sources (Seigniorage)	317,201	166,691
Transfers in without reimbursement	–	273
Net Other Resources Used to Finance Activities	58,503	(211,278)
Total Resources Used to Finance Activities	50,352	(80,013)
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but Not Yet Provided	10,485	(76,252)
Resources that fund Expenses Recognized in Prior Periods	–	(10)
Resources that Finance the Acquisition of Assets or Liquidation of Liabilities	596,218	577,721
Other	(22,000)	(42,448)
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	584,703	459,011
Total Resources Used to Finance the Net Cost of Operations	(534,351)	(539,024)
Components Requiring or Generating Resources in Future Periods		
Increase in Exchange Revenue Receivable from the Public	(1,385)	–
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	(1,385)	–
Components not Requiring or Generating Resources in the Current Period		
Depreciation and Amortization	25,288	26,499
Revaluation of Assets	5,838	7,767
Other	493,568	422,028
Total Components of Net Revenue from Operations that will not require or Generate Resources	524,694	456,294
Total Components of Net Revenue from Operations that will not require or Generate Resources in the Current Period	523,309	456,294
Net Cost (Revenue) from Operations	\$ (11,042)	\$ (82,730)

22. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2014 and 2013 were \$132,107 and \$121,422 respectively.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

INTRODUCTION

This section provides the Required Supplemental Information as prescribed by the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements" and Statement of Federal Financial Accounting Standards (SFFAS) #29 Heritage Assets and Stewardship Land.

HERITAGE ASSETS

The Mint is steward of a large, unique and diversified body of heritage assets that demonstrate the social, educational, and cultural heritage of the Mint. These items include a variety of rare and semi-precious coin collections and historical artifacts, and are held at various Mint locations. Some of these items are placed in locked vaults within the Mint, where access is limited to only special authorized personnel. Other items are on full display to the public, requiring little if any authorization to view.

Included in the heritage assets are the buildings housing the Mint at Denver, West Point, San Francisco, and Fort Knox. The Mint generally does not place a value on heritage assets, even though some of the coins and artifacts are priceless. However, the assets are accounted for and controlled for protection and conservation purposes. Heritage assets held by the Mint are generally in acceptable physical condition, and there is no deferred maintenance on the Denver, West Point, San Francisco, and Fort Knox buildings.

OTHER INFORMATION

DEPARTMENT OF THE TREASURY UNITED STATES MINT SCHEDULE OF SPENDING

	For The Years Ended September 30,	
	2014	2013
	(dollars in thousands)	
What Money is Available to Spend?		
Total Resources	\$3,368,372	\$4,654,894
Less Amount Not Agreed to be Spent	(506,739)	(496,291)
Total Amounts Agreed to be Spent	\$2,861,633	\$4,158,603
How was the Money Spent?		
Personnel Compensation	139,544	150,393
Personnel Benefits	44,347	47,104
Benefits for Former Personnel	(260)	1,038
Travel and transportation of persons	1,603	1,355
Transportation of things	29,504	32,291
Rent, Communications, and utilities	27,393	24,305
Printing and reproduction	869	1,158
Other contractual services	66,654	(15,703)
Supplies and materials	2,519,979	3,884,540
Equipment	26,634	19,899
Land and structures	5,356	10,240
Insurance claims and indemnities	2	1,981
Interest	8	2
Total Amounts Agreed to be Spent	\$2,861,633	\$4,158,603
Who did the Money go to?		
Federal	67,032	61,485
Non-Federal	2,794,601	4,097,118
Total Amounts Agreed to be Spent	\$2,861,633	\$4,158,603



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report on Internal Control Over Financial Reporting

Inspector General
United States Department of the Treasury

Deputy Director
United States Mint:

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Mint, which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2014, we considered the United States Mint's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United States Mint's internal control. Accordingly, we do not express an opinion on the effectiveness of the United States Mint's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the United States Mint's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United States Mint's internal control. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 11, 2014



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report on Compliance and Other Matters

Inspector General
United States Department of the Treasury

Deputy Director
United States Mint:

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Mint, which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of net cost, and changes in net position, and statements of budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2014.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the United States Mint's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on the United States Mint's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United States Mint's compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 11, 2014

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Cooperative
("KPMG International"), a Swiss entity.

APPENDIX I: FY 2014 COIN AND MEDAL PRODUCTS

NATIVE AMERICAN CODE TALKER CONGRESSIONAL GOLD MEDALS

Medals Awarded: November 20, 2013 and May 18, 2014

Description: Under the Code Talkers Recognition Act of 2008, the United States Mint awarded 26 of 33 Congressional Medals in honor of Native Americans who served as code talkers in the U.S. Armed Services during World War I and World War II. Gold medals were struck for each Native American tribe with a member who served as a code talker. Silver duplicate medals were presented to the code talkers or their relatives or representatives. The remaining seven tribes will receive their medals directly from the Mint upon completion of the design development and approval process.





DOCTOR MARTIN LUTHER KING, JR AND CORETTA SCOTT KING CONGRESSIONAL GOLD MEDAL

Medal Awarded: June 24, 2014

Description: Congress awarded this gold medal posthumously to Reverend Dr. Martin Luther King, Jr. and Coretta Scott King in recognition of their many contributions to the civil rights movement. Dr. King’s doctrine of nonviolent civil disobedience to combat segregation, discrimination, and racial injustice was instrumental in the passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. When he was assassinated in 1968, Mrs. King was the driving force behind the Martin Luther King Jr. Center for Nonviolent Social Change, which has trained thousands of people in Dr. King’s philosophy and methods.



SHIMON PERES CONGRESSIONAL GOLD MEDAL

Medal Awarded: June 26, 2014

Description: This gold medal honors Shimon Peres, former President of Israel, who has served his government for more than 70 years. The only surviving member of the founding generation of Israel, he has served as the head of the Israeli Navy, Minister of Defense, Foreign Minister, Prime Minister and President. This gold medal is the first to be awarded to a sitting president of Israel, and was presented to former President Peres in June. The law authorizes the Secretary of the Treasury to strike and sell bronze duplicates for sale to the public with proceeds covering the cost of the medal.



RAOUL WALLENBERG CONGRESSIONAL GOLD MEDAL

Medal Awarded: July 9, 2014

Description: This gold medal honors Raoul Wallenberg for his actions during the Holocaust. Born in Sweden and a graduate of the University of Michigan, he pursued a career as a businessman in Sweden and later became a Swedish diplomat. He worked with the War Refugee Board and rented property in Budapest, declaring it extraterritorial and the property of Sweden, then issued protective passes to people on the way to concentration camps. Along with about 350 resistance workers, he housed more than 100,000 Hungarian Jews. In 1945, he was detained by the Soviet authorities and disappeared.



FALLEN HEROS CONGRESSIONAL GOLD MEDAL

Medal Awarded: September 10, 2014

Description: This medal honors the people who died in the terrorist attacks on the United States on Sept. 11, 2001. The bill authorizes three gold medals, representing the three locations of the attacks. The medals will be put on public display, and duplicate bronze medals will be offered for sale to the public.

The New York medal features an abstract representation of two World Trade Center towers. The numbers 93, 77, 175, and 11 are for the four flight numbers involved and are positioned as if on a clock, representing the times of the crashes. The reverse shows a single rose; at the memorial, a white rose is placed through the name of each victim on his or her birthday.

The Pentagon medal shows the rebuilt façade of the Pentagon, where flight 77 crashed. The angle of the view is the angle of the flight path. On the reverse are 184 stars for each of the victims and a bald eagle.

The Flight 93 medal features the hemlock groves behind the boulder at the memorial in Pennsylvania, where the plane crashed. The reverse shows 40 stars on a border, one for each victim, as well as a bald eagle.



AMERICA THE BEAUTIFUL QUARTERS® PROGRAM

MOUNT RUSHMORE NATIONAL MEMORIAL—SOUTH DAKOTA

Coin Released: November 4, 2013

Description: It took nearly 400 workers 14 years to complete carving Mount Rushmore, which commemorates the founding, expansion, preservation, and unification of the United States with colossal statues of Presidents Washington, Jefferson, Lincoln, and Theodore Roosevelt. Located in the scenic Black Hills of South Dakota, the memorial draws 3 million visitors a year. The reverse design of the quarter was inspired by photos of men adding the final details to Jefferson's face.



GREAT SMOKY MOUNTAINS NATIONAL PARK—TENNESSEE

Coin Released: January 27, 2014

Description: Great Smoky Mountains National Park is world-renowned for its diverse plant and animal life, the beauty of its ancient mountains, and its remnants of southern Appalachian mountain culture. It is America's most-visited national park, with 9 million visitors a year. It was first established on May 22, 1926. The reverse design depicts a historic log cabin found within Great Smoky Mountains National Park.



SHENANDOAH NATIONAL PARK—VIRGINIA

Coin Released: March 31, 2014

Description: Just 75 miles from Washington, D.C., Shenandoah National Park features 200,000 acres of protected lands with cascading waterfalls, spectacular vistas, and quiet wooded hollows. Skyline Drive, which goes through the park, is one of the most scenic in America. Formally established in 1935, President Franklin D. Roosevelt dedicated the park in 1936. With more than 500 miles of hiking trails, the park is popular with birdwatchers and wildlife observers. The reverse design depicts a day hiker taking in the view from Little Stony Man summit.



ARCHES NATIONAL PARK—UTAH

Coin Released: June 9, 2014

Description: Established as a national monument on April 12, 1929, Arches National Park is a red rock wonderland of 119 square miles of more than 2,000 natural stone arches, soaring pinnacles, massive fins, and giant balanced rocks. Hot summers, cold winters, and very little rainfall make for an unforgiving, but beautiful, environment. The reverse design of the quarter depicts Delicate Arch, a 65-foot freestanding natural arch, viewed with the La Sal Mountains in the background.



GREAT SAND DUNES NATIONAL PARK AND PRESERVE—COLORADO

Coin Released: August 25, 2014

Description: About 300,000 people a year visit the tallest dunes in North America at the Great Sand Dunes National Park and Preserve, formed from a combination of wind, sand from the valley floor, and sand recycled from creeks. The main dune field covers approximately 30 square miles, and the tallest dune is 750 feet. Established on March 17, 1932, the quarter honoring the park features a father and son playing in the sand next to the creek bed with mountains and sand dunes in the background.

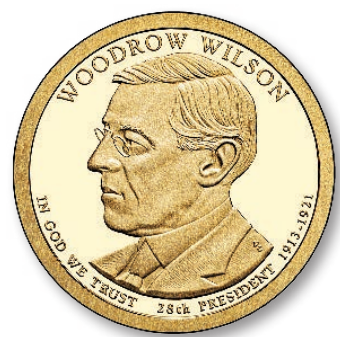


PRESIDENTIAL \$1 COIN PROGRAM

WOODROW WILSON PRESIDENTIAL \$1 COIN 28TH PRESIDENT, 1913-1921

Coin Released: October 17, 2013

Description: During Woodrow Wilson's administration, Congress passed legislation that formed future economic and social policy, including the Federal Reserve Act, which provided the country with a more elastic money supply. He led the United States through World War I and helped create the League of Nations, for which he won a Nobel Peace Prize. In 1919, Wilson suffered a series of debilitating strokes which left him partially paralyzed. He died in 1924.

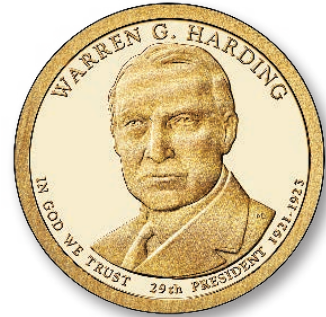


WARREN G. HARDING PRESIDENTIAL \$1 COIN

29th PRESIDENT, 1921-1923

Coin Released: February 6, 2014

Description: Warren Harding served in Ohio as state senator, lieutenant governor and U.S. senator before becoming president. Though his administration was plagued by scandal (both personal and political), he was a popular president and supported creation of the Bureau of the Budget, which required the president to submit a budget to Congress annually. Just two years into his term, he died of a heart attack, and was replaced as president by Vice President Calvin Coolidge.

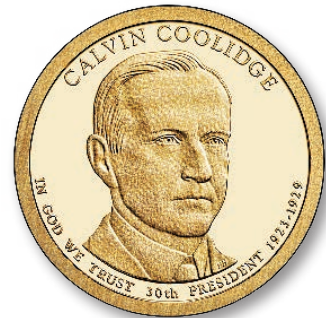


CALVIN COOLIDGE PRESIDENTIAL \$1 COIN

30th PRESIDENT, 1923-1929

Coin Released: April 10, 2014

Description: Calvin Coolidge built an illustrious political career in New England before becoming president after Warren G. Harding died in office in 1923. A taciturn man, Coolidge's administration was a polar opposite of the rambunctious Harding administration, and he promoted fiscal conservatism and reduced government intervention. Coolidge chose not to seek re-election in 1928 and retired to Massachusetts, dying in 1933.



HERBERT HOOVER PRESIDENTIAL \$1 COIN

31st PRESIDENT, 1929-1933

Coin Released: June 19, 2014

Description: Herbert Hoover worked his way through college then worked his way around the world as a geologist for various mining companies, amassing a fortune by the time he was 40. When World War I began, he held government positions as a public administrator, food relief coordinator and secretary of commerce. During his presidency, 5 million acres were set aside for national parks and forests. His public works program and strong support for labor law during the Great Depression set the stage for Roosevelt's New Deal. Hoover was defeated in 1932, but returned to public service after World War II to organize humanitarian efforts to Europe. Presidents Truman and Eisenhower appointed Hoover to commissions to increase governmental efficiency and reduce waste. When he died in 1964, he had the longest retirement of any former president.

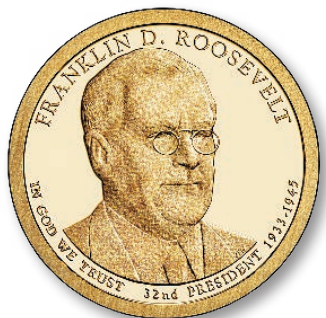


FRANKLIN D. ROOSEVELT PRESIDENTIAL \$1 COIN

32nd PRESIDENT, 1933-1945

Coin Released: August 28, 2014

Description: After securing the Democratic nomination for president in 1932, Franklin Delano Roosevelt campaigned promising a New Deal to address the dire economic situation. The Fair Labor Standards Act, the Social Security Act, and the National Labor Relations Act supported workers and laid the foundation for future domestic policy. In addition to policies intended to strengthen the economy, he gave Executive Order 6102, forbidding hoarding gold coin, gold bullion, and gold certificates, with



exceptions for gold coin collectors or jewelers and dentists – people who used gold in their profession. Though he had contracted polio in 1921 resulting in partial paralysis, Roosevelt was considered one of our most consequential chief executives, presiding over the Great Depression and World War II. He died in 1945, just a few months after beginning his fourth term as president.

FIRST SPOUSE GOLD BULLION COIN AND BRONZE MEDAL PROGRAM

IDA MCKINLEY FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1897-1901

Coin and Medal Released: November 14, 2013

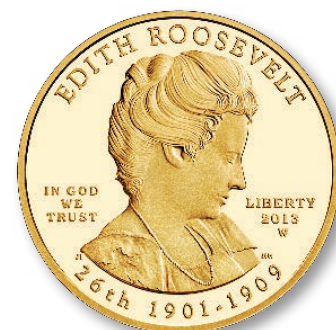
Description: Well-educated and independent, Ida McKinley preferred an active life and was interested in art, architecture, current events, and the plight of working women. She was skilled in managing money and accounting, and her father hired her to work at his bank. After she married, she had two daughters, both of whom died in childhood, and Ms. McKinley's own health began to fail. As first lady, she spent much of her time crocheting items that were later auctioned off for large sums for local and national charities she supported. When President McKinley was assassinated, she returned to Canton, Ohio, dying nearly six years later.



EDITH ROOSEVELT FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1901-1909

Coin and Medal Released: November 21, 2013

Description: When Edith Roosevelt married in 1886, her husband was a widower with an infant daughter; they had five children together. As first lady, she approved and supported renovation of what is now known as the West Wing of the White House, including enlarging and modernizing the public spaces. She also established the tradition of hanging portraits of the first ladies on the ground floor of the White House. After her husband died, she traveled and wrote and edited articles for publication.



HELEN TAFT FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1909-1913

Coin and Medal Released: December 2, 2013

Description: Helen Taft was a schoolteacher before she married, and was interested in current events and politics. Before her husband was elected, she was a founding member of the Cincinnati orchestra, auditioning and contracting with artists. She was an active first lady who had a bandstand built at the Tidal Basin so the Marine Band could play there on Sundays. She is best known for the Japanese cherry trees growing around the Tidal Basin in Washington, D.C., which were a gift from the mayor of Tokyo to the American people. She planted the first two trees herself in March 1912.



ELLEN WILSON FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1913-1921

Coin and Medal Released: December 9, 2013

Description: Ellen Wilson was an accomplished artist who sketched and painted landscapes and portraits, and her artwork was publically displayed while she served as first lady. She supported the need for child labor laws and education projects in Appalachia. She is best known for initiating and overseeing the creation of the White House Rose Garden. She died in 1914 of Bright's disease during President Wilson's second year of office.



EDITH WILSON FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1913-1921

Coin and Medal Released: December 16, 2013

Description: Edith Wilson's first husband died in 1908, and she married President Wilson in December of 1915. She is often described as America's first woman president because of the important role she played after her husband's massive stroke in 1919. She chose which visitors he saw and what papers he read, though she insisted she never made a single decision on public affairs. After they left the White House in 1921, she lived in Washington, D.C., 40 more years.



FLORENCE HARDING FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1921-1923

Coin and Medal Released: July 10, 2014

Description: The Hardings owned *The Marion Star*, and she was the business manager. She understood how the media worked, and she and Harding used the press to their advantage to help Harding win the presidency. The reverse (tails) of this medal depicts a torch, pen, camera, ballots and a ballot box, representing Mrs. Harding's work with veterans, her husband's campaign, and voting. Mrs. Harding advocated for women's rights, prison reform, the ASPCA, and war veterans. She hosted garden parties for veterans at the White House, answered their letters, and worked to resolve their concerns.



GRACE COOLIDGE FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1923-1929

Coin and Medal Released: July 17, 2014

Description: Before she married, Grace Coolidge learned how to lip-read so she could teach at the Clarke School for the Deaf in Massachusetts. Throughout the rest of her life, she promoted education for the deaf and drew attention to the needs of the disabled. A popular first lady, she was cheerful and outgoing, nearly the opposite of her taciturn husband, and was interested in current events, sports, and animals. She used her celebrity to promote many groups, particularly the Red Cross, and supported wounded veterans and humanitarian and disaster relief.



LOU HOOVER FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1929-1933

Coin and Medal Released: August 14, 2014

Description: The Hoovers met in college, when they were both geology students at Stanford. The day after their wedding, the Hoovers moved to Shanghai, where Mrs. Hoover became fluent in Chinese, the only first lady to have done so. After World War I, she was very active in organizing the Girl Scouts. As first lady, she gave regular, nationwide radio broadcasts about equality, infant mortality, and relief work. She personally helped hundreds of people who appealed to her during the Depression, using her own funds and asking wealthy friends and charitable organizations to help.



ELEANOR ROOSEVELT FIRST SPOUSE GOLD COIN AND BRONZE MEDAL—FIRST LADY, 1933-1945

Coin and Medal Released: September 4, 2014

Description: Eleanor Roosevelt began her career in public service and social reform when she was 18, working in settlement houses. After her marriage, she continued advocating for women and children through public speaking, radio addresses, writing for national publications, and serving on the boards of a wide variety of social welfare groups, as well as teaching at the Todhunter School for Girls, which she co-owned. As first lady, she supported African American rights, increased roles for African Americans and women in the war, and the United Nations. In retirement, she continued to speak – in person, on radio, and on television – and write about social issues and civil rights.



NATIVE AMERICAN \$1 COIN

2014 NATIVE AMERICAN \$1 COIN

Coins Released: March 20, 2014

Description: The 2014 Native American \$1 Coin commemorates the native hospitality that ensured the success of the Lewis and Clark Expedition. Its reverse design depicts a Native American man offering a pipe while his wife offers provisions of fish, corn, roots, and gourds. In the background is a stylized image of the face of William Clark's compass highlighting "NW," the area in which the expedition occurred.



COMMEMORATIVES

2014 CIVIL RIGHTS ACT OF 1964 SILVER DOLLAR

Coins Released: January 2, 2014

Mintage Limit: 350,000

Description: The Civil Rights Act of 1964 greatly expanded civil rights protections, outlawed racial segregation in public places, and encouraged desegregation in public schools. Authorized by Public Law 111-451, this silver dollar commemorates the 50th Anniversary of the Civil Rights Act of 1964. The obverse features three people holding hands at a civil rights march. The reverse features three flames symbolizing freedom of education, freedom to vote, and freedom to control one's own destiny. A \$10 surcharge is authorized to be paid to the United Negro College Fund.



2014 NATIONAL BASEBALL HALL OF FAME COMMEMORATIVE COIN PROGRAM

Coins Released: March 27, 2014

Mintage Limit: 100,000 \$5 gold, 400,000 \$1 silver, 750,000 half-dollar clad

Description: Authorized by Public Law 112-152, these gold, silver, and clad dollar coins are the first curved coins produced by the United States Mint and commemorate the 75th anniversary of the establishment of the National Baseball Hall of Fame. The obverse of each coin depicts a baseball glove and the reverse depicts a baseball. A \$35 per coin surcharge is authorized to be paid to the National Baseball Hall of Fame for each gold coin sold, \$10 for each silver coin, and \$5 for each clad coin.



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