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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public.

Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open to Public
Inspection

A For the 2014 calendar year, or tax year beginning

07/01, 2014, and ending

06/30, 2015

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization

OPERATION SMILE, INC.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address)

3641 FACULTY BLVD

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

VIRGINIA BEACH, VA 23453

F Name and address of principal officer

KATHLEEN S. MAGEE

3641 FACULTY BOULEVARD VIRGINIA BEACH, VA 23453

D Employer identification number

54-1460147

E Telephone number

(757) 321-7645

G Gross receipts \$ 67,469,329.

H(a) Is this a group return for subordinates? Yes ☒ No ☐H(b) Are all subordinates included? Yes ☐ No ☐

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () (insert no) ☐ 4947(a)(1) or ☐ 527J Website: [HTTP://WWW.OPERATIONSMILE.ORG](http://WWW.OPERATIONSMILE.ORG)K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation 1987

M State of legal domicile VA

Part I Summary

Activities & Governance		Revenue		Expenses		Net Assets or Fund Balances	
1 Briefly describe the organization's mission or most significant activities <u>WE PROVIDE FREE LIFE CHANGING SURGERY TO PEOPLE IN NEED ACROSS THE WORLD. WE TRAIN LOCAL MEDICAL PROFESSIONALS, DONATE EQUIPMENT AND SUPPLIES, AND EDUCATE THE PUBLIC.</u>							
2 Check this box ☐ If the organization discontinued its operations or disposed of more than 25% of its net assets.							
3	Number of voting members of the governing body (Part VI, line 1a)	3	9.				
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	7.				
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	176.				
6	Total number of volunteers (estimate if necessary)	6	5,400.				
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0				
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0				
8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year				
9	Program service revenue (Part VIII, line 2g)	58,548,233.	66,062,262.				
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	542,233.	848,070.				
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	14,837.	12,532.				
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-560,707.	-650,094.				
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	58,544,596.	66,272,770.				
14	Benefits paid to or for members (Part IX, column (A), line 4)	12,144,406.	8,204,726.				
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0				
16a	Professional fundraising fees (Part IX, column (A), line 11e)	9,135,324.	10,971,215.				
16b	Total fundraising expenses (Part IX, column (D), line 25)	3,281,555.	2,896,717.				
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	16,463,932.					
18	Total expenses - add lines 13-17 (must equal Part IX, column (A), line 25)	44,977,162.	34,717,049.				
19	Revenue less expenses - Subtract line 18 from line 12	69,534,447.	56,789,707.				
20	Total assets (Part X, line 16)	-10,989,851.	9,483,063.				
21	Total liabilities (Part X, line 26)	Beginning of Current Year	End of Year				
22	Net assets or fund balances - Subtract line 21 from line 20.	38,618,975.	47,630,756.				
		15,829,472.	15,368,790.				
		22,789,503.	32,261,966.				

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

Date

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

JOCELYNE C MILLER

12/21/15

P00634378

Firm's name KPMG LLP

Firm's EIN 13-5565207

Firm's address 1676 INTERNATIONAL DRIVE MCLEAN, VA 22102

Phone no 703-286-8000

May the IRS discuss this return with the preparer shown above? (see instructions)

X Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions

Form 990 (2014)

missing pgs.

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Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII ☒ X

Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's current key employees, if any See instructions for definition of "key employee"
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) WILLIAM P. MAGEE JR, D.D.S. M. CEO & DIRECTOR	40.00 0	X		X				387,918.	0	28,961.
(2) KATHLEEN S. MAGEE, M.S.W., ED. PRESIDENT & DIRECTOR	40.00 0	X		X				0	0	0
(3) KEVIN MILLER CHAIRMAN & DIRECTOR	25.00 0	X		X				0	0	0
(4) JIM SITI TREASURER & DIRECTOR	1.00 0	X		X				0	0	0
(5) SAMUEL P. FULLER, M.D. DIRECTOR	20.00 0	X						0	0	0
(6) ALEX J. MARSHALL DIRECTOR	1.00 0	X						0	0	0
(7) ALBERTO MOTTA JR. DIRECTOR	1.00 0	X						0	0	0
(8) JERRY MOYES DIRECTOR	1.00 0	X						0	0	0
(9) WILLIAM K. WYNNE SECRETARY AND DIRECTOR	1.00 0	X		X				0	0	0
(10) E. WAYNE ZINN COO	40.00 0			X				214,169.	0	18,779.
(11) KIMBERLY GETZ VP OF FINANCE (AS OF 10/8/14)	40.00 0			X				31,502.	0	952.
(12) KRISTIE PORCARO SVP, US& GLOBAL PHILANTHROPY	40.00 0					X		143,214.	0	18,530.
(13) RICHARD VANDERBURG CHIEF PROGRAM STRATEGIST	40.00 0					X		195,963.	0	23,313.
(14) RUBEN AYALA SVP OF INT'L PROG & MED AFFRS	40.00 0					X		131,745.	0	18,033.

Real Management team

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.	118,353.	118,353.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22.	7,844.	7,844.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.	8,078,529.	8,078,529.		
4 Benefits paid to or for members.	0			
5 Compensation of current officers, directors, trustees, and key employees.	925,679.	407,895.	335,432.	182,352.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	176,874.	30,685.	25,057.	121,132.
7 Other salaries and wages.	8,010,137.	3,911,600.	1,928,906.	2,169,631.
8 Pension plan accruals and contributions (Include section 401(k) and 403(b) employer contributions).	521,514.	265,935.	117,872.	137,707.
9 Other employee benefits.	744,617.	395,703.	175,631.	173,283.
10 Payroll taxes.	592,394.	273,424.	157,116.	161,854.
11 Fees for services (non-employees):				
a Management	0			
b Legal	370,927.	17,478.	341,557.	11,892.
c Accounting	90,986.	8,615.	80,489.	1,862.
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17.	2,896,717.			2,896,717.
f Investment management fees	0			
9 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	2,108,848.	1,203,606.	166,392.	738,850.
12 Advertising and promotion.	1,574,362.	469,004.	73,258.	1,032,100.
13 Office expenses.	2,850,663.	1,640,231.	1,051,508.	158,924.
14 Information technology.	113,751.	41,740.	57,024.	14,987.
15 Royalties.	0			
16 Occupancy.	569,043.	371,806.	119,985.	77,252.
17 Travel.	4,824,321.	4,233,741.	211,003.	379,577.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19 Conferences, conventions, and meetings.	390,883.	293,483.	42,459.	54,941.
20 Interest.	225,164.	8,450.	214,885.	1,829.
21 Payments to affiliates.	0			
22 Depreciation, depletion, and amortization.	842,747.	450,045.	343,498.	49,204.
23 Insurance.	94,331.	48,497.	39,567.	6,267.
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a PUBLIC AWARENESS	14,031,409.	5,323,122.	642,314.	8,065,973.
b BAD DEBT EXPENSE	803,288.		803,288.	
c MISSION SUPPLIES	5,328,948.	5,328,948.		
d OTHER MISSION EXPENSE	376,655.	376,655.		
e All other expenses	120,743.	51,776.	41,369.	27,598.
25 Total functional expenses. Add lines 1 through 24e.	56,789,707.	33,357,165.	6,968,610.	16,463,932.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☒ if following SOP 98-2 (ASC 958-720).	19,884,288.	6,353,181.	720,514.	12,810,593.

Compensation based on
\$160,000,000 -

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