

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2013

Open to Public Inspection

Form **990**

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.

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning 07/01, 2013, and ending 06/30, 2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization OPERATION SMILE, INC			D Employer identification number 54-1460147		
	Doing Business As			E Telephone number (757) 321-7645		
	Number and street (or P.O. box if mail is not delivered to street address)		Room/suite			
	3641 FACULTY BLVD					
City or town, state or province, country, and ZIP or foreign postal code VIRGINIA BEACH, VA 23453						G Gross receipts \$ 59,929,384.
F Name and address of principal officer KATHLEEN S. MAGEE 3641 FACULTY BOULEVARD VIRGINIA BEACH, VA 23453						H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are 501(c)(29) organizations included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527						H(c) Group exemption number ▶
J Website: ▶ HTTP://WWW.OPERATIONSMILE.ORG						
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			L Year of formation 1987		M State of legal domicile VA	

Part I Summary

1 Briefly describe the organization's mission or most significant activities: 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.

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 2013 (Part V, line 2a)	5	164.
6 Total number of volunteers (estimate if necessary)	6	5,000.
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1n)	52,124,792.	58,548,233.
	9 Program service revenue (Part VIII, line 2g)	687,755.	542,233.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,811.	14,837.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-699,106.	-560,707.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	52,130,252.	58,544,596.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	6,362,331.	12,144,406.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	8,627,597.	9,135,324.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	2,847,623.	3,281,555.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶	15,724,447.	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	33,093,096.	44,973,162.
	18 Total expenses - Add lines 13-17 (must equal Part IX, column (A), line 25)	50,930,647.	69,534,447.
19 Revenue less expenses. Subtract line 18 from line 12	1,199,605.	-10,989,851.	
Not Assets or Fund Balances	20 Total assets (Part X, line 16)	47,621,139.	38,618,975.
	21 Total liabilities (Part X, line 26)	16,679,516.	15,829,472.
	22 Net assets or fund balances. Subtract line 21 from line 20	30,941,623.	22,789,503.

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 3-2-2015
	Type or print name and title E. WAYNE ZINN CO	
Paid Preparer Use Only	Print/Type preparer's name JOCELYNE C MILLER, SR. M	Preparer's signature
	Firm's name ▶ KPMG LLP	
	Firm's address ▶ 1676 INTERNATIONAL DRIVE MCLEAN	

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

For Paperwork Reduction Act Notice, see the separate instructions.

SCANNED OCT 28 2016

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Revenue
10/2/14
Bait pills
bigger than net asset

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

1a 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.D. CEO & DIRECTOR	40.00	X		X			350,000.	0	27,915.	
(2) KATHLEEN S. MAGEE, M.S.W., ED. PRESIDENT & DIRECTOR	40.00	X		X			0	0	0	
(3) KEVIN MILLER CHAIRMAN & DIRECTOR	25.00	X		X			0	0	0	
(4) JIM SITI TREASURER & DIRECTOR	1.00	X		X			0	0	0	
(5) SAMUAL P. FULLER, M.D. DIRECTOR	20.00	X		X			0	0	0	
(6) ALEX J. MARSHALL DIRECTOR	1.00	X					0	0	0	
(7) ALBERTO MOTTA JR. DIRECTOR	1.00	X					0	0	0	
(8) JERRY MOYES DIRECTOR	1.00	X					0	0	0	
(9) WILLIAM K. WYNNE DIRECTOR	1.00	X					0	0	0	
(10) ERNEST ZIHN COO	40.00			X			105,064.	0	2,102.	
(11) KRISTIE PORCARO SVP, STRATEGIC PSHIP & DEV	40.00					X	134,535	0	17,311.	
(12) RUBEN AYALA SVP OF INT'L PROG & MED AFFRS	40.00					X	132,979	0	16,956.	
(13) LISA JARDANHAZY VP, STRATEGIC PSHIP & CRM	40.00					X	127,998	0	16,508.	
(14) SCOTT VOSS AVP, MARKETING AND COMM	40.00					X	114,492	0	14,042.	

Why such a large gap?

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 VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	4,108,570.	4,108,570.		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	8,035,836.	8,035,836.		
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	860,354.	400,606.	303,414.	156,334.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	148,576.	27,541.	1,009.	120,026.
7 Other salaries and wages	6,481,863.	2,956,828.	1,771,111.	1,753,924.
8 Pension plan accruals and contributions (Include section 401(k) and 403(b) employer contributions)	432,065.	206,627.	108,788.	116,650.
9 Other employee benefits	638,825.	318,609.	175,262.	144,954.
10 Payroll taxes	573,641.	258,819.	161,229.	153,593.
11 Fees for services (non-employees)				
a Management	0			
b Legal	562,478.	11,452.	532,257.	18,769.
c Accounting	106,188.	4,570.	99,957.	1,661.
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	3,281,555.			3,281,555.
f Investment management fees	70.		70.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	3,014,640.	1,476,935.	819,002.	718,703.
12 Advertising and promotion	1,664,444.	436,809.	80,672.	1,146,963.
13 Office expenses	3,314,522.	1,866,296.	1,118,359.	329,867.
14 Information technology	167,040.	41,291.	68,578.	57,171.
15 Royalties	0			
16 Occupancy	632,090.	340,526.	214,652.	76,912.
17 Travel	4,374,394.	3,840,911.	243,263.	290,220.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	497,449.	419,225.	42,265.	35,959.
20 Interest	371,422.	6,670.	363,005.	1,747.
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	712,948.	420,535.	249,449.	42,964.
23 Insurance	106,845.	68,910.	34,537.	3,398.
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	13,964,810.	5,939,434.	775,834.	7,249,542.
b BAD DEBT EXPENSE	9,976,692.		9,976,692.	
c MISSION SUPPLIES	5,108,051.	5,108,051.		
d OTHER MISSION EXPENSE	235,649.	235,649.		
e All other expenses	163,430.	51,052.	88,843.	23,535.
25 Total functional expenses. Add lines 1 through 24e	69,534,447.	36,581,752.	17,228,248.	15,724,447.
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 <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720)	17,745,464.	6,451,016.	750,887.	10,543,561.