

Operation Smile: A U.S. Nonprofit Creating Smiles Around The World

Operation Smile, founded in 1982, is an international children's medical charity that seeks to change lives by putting smiles on the faces of children born with cleft lip, cleft palate and other facial deformities, through reconstructive surgery done at no cost to the patient. A 501(c)(3) corporation currently headquartered in Norfolk, VA, it conducts most of its activities relating to its exempt purpose abroad in over 60 countries.ⁱ Revenue Rulings from the IRS have stated that a U.S. charity is allowed to conduct activities in a foreign country provided that the activity is consistent with the charity's exempt purposes.ⁱⁱ A charity may also distribute funds to foreign organizations that are not charities as long as it is sure that the funds are used for specific purposes that further its exempt purpose. It must keep records and show that it controls the distribution of the funds by: (1) engaging in an independent decision-making process about whether it will provide funds to a foreign organization; (2) conducting a pre-grant inquiry to be reasonably sure that the grant will be used for exempt purposes; (3) entering into a written agreement with the recipient regarding the use of funds; and (4) obtaining reports that the funds are used for exempt purposes.ⁱⁱⁱ

One of the Operation Smile's main initiatives is to build self-sustaining solutions in the countries in which it operates. The organization does this by educating and training local volunteer medical professionals and providing medical equipment to care centers in the countries they serve. These comprehensive care centers follow the same Global Standards of Care that Operation Smile adheres to in order to ensure that patients around the world receive the same quality procedures and benefits regardless of location. The centers also serve to perform local development activities and manage local communications and administrative services.^{iv}

Operation Smile relies entirely on professional medical volunteers, student volunteers, local volunteers and donations from corporations and private donors. It is able to provide free cleft lip surgeries to children and young adults around the world for as little as \$240. Since the medical work is done by volunteers and the equipment is donated through corporations, the cost covers travel expenses of essential medical team members to international sites, and the expenses incurred to purchase the additional supplies required for the mission. Contributions that are in excess of surgical costs are invested in the sustainability programs that are designed to educate and empower medical professionals in the partner countries to treat the children on their own.^v

Operation Smile estimates that 73.2% of all donations during the 2010 fiscal year went directly into the programs while 24.2% was spent on fundraising and 2.4% was spent on administrative expenses. The organization provides a financial statement from a certified independent auditor, KPMG, every year as part of its annual report. It provides the annual report, 990 Forms and financial statements from the past three years on the website to allow donors to see where their money is going.^{vi}

Having recently celebrated its 30th anniversary, Operation Smile has been listed as one of The 200 Largest U.S. Charities. It has received special recognition from several international entities such as UNICEF and Direct Marketing Association's Nonprofit Federation.^{vii} Transparency in reporting as well as providing quality, efficient medical service to children and young adults abroad, marks Operation Smile as an example of a U.S. nonprofit operating successfully both domestically and internationally.

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ⁱ www.operationsmile.org

ⁱⁱ Rev. Rul. 71-460, 1971-2 C.B. 231.

ⁱⁱⁱ Rev. Rul. 68-489, 1968-2 C.B. 210

^{iv} www.operationsmile.org

^v Id.

^{vi} Id.

^{vii} Id.