

Operation Smile Ireland
(A company limited by guarantee not
having a share capital)

Directors Report and Financial Statements

For the year ended 30 June 2010

Operation Smile Ireland
(A company limited by guarantee not having a share capital)

Financial Statements for the year ended 30 June 2010

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Operation Smile Ireland

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Directors and other information

Directors	William Casey Teresa Cosgrove Michael Earley Martina Healy Eleanor McGovern Pauric O'Grady Jack O'Keeffe David Orr Fairley Pifaro Paul Sullivan
Secretary	Teresa Cosgrove
Company number	380841
Registered office	31 Pembroke Road Dublin 4
Auditors	Horwath Bastow Charleton Registered Auditors Horwath House The Red Church Henry Street Limerick
Bankers	Allied Irish Bank Upper Baggot Street Dublin 4

Operation Smile Ireland
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Directors' report

The directors present their report and the financial statements for the year ended 30 June 2010.

Aims and policies

Operation Smile Ireland is a member of Operation Smile Inc. an organisation set up to provide free reconstructive surgery to children and adults in 25 developing countries and the United States. in particular to the repair of childrens cleft lips and cleft palates.

Operation Smile Ireland is a Resource Chapter whose role is to build awareness and to support International Foundations via funding and with volunteers to enable Operations Missions to reach as many children as possible and to create sustainable developments in these countries.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009 and all regulations construed as one with those Acts. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Review of developments, activities and achievements

While the fundraising climate in Ireland remains subdued, we managed to bring in significant donation revenues. We remain committed to creating awareness, raising funds and sending Irish volunteers to assist in bringing safe sustainable surgeries to children in the Third World born with cleft lip and/or cleft palates.

Worldwide in 2009, some 16,000 children received free surgeries on Operation Smile medical missions, a record for its 28 year history. On an Operation Smile medical mission, typically 300-500 children will get medical screening and 125-150 children will receive medical operations over five surgery days.

Operation Smile Ireland

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Directors' report

Review of developments, activities and achievements - continued

Operation Smile Ireland supports medical missions in two ways. First, it provides resources and funds directly to Operation Smile missions, including in particular the funding of Irish medical volunteer participation. This past year we had the largest volunteer participation since Operation Smile Ireland began as a charity in 2003 with over 40 Irish plastic surgeons, anaesthetists, nurses, dentists, biomedical technicians, medical records, paediatric intensivists, paediatricians, medical fellowship students and secondary school students. During 2009 our Irish volunteers participated in Operation Smile medical missions to Bolivia, Cambodia, China, The Congo, Egypt, Ethiopia, India, Kenya, Madagascar, Peru and Vietnam.

Secondly, Operation Smile Ireland supports other Operation Smile International missions through financial contributions towards the costs of those missions. In 2009, Operation Smile Ireland provided funding of €100,000 towards missions in Egypt, Ethiopia, Jordan, Kenya, Russia and Rwanda in Operation Smile's Central Region.

At Operation Smile Ireland, we truly believe that every child deserves to live their life with dignity and for those born with a cleft lip and/or cleft palate, dignity begins with a smile.

Reserves and financial position

The available resources at the year end are €227,154, as set out on page 7.

Charitable contributions

During the year the company contributed €100,020 to charities by way of a contribution to Operation Smile, Inc to assist towards the cost of medical missions in Central Region (see 'Review of Developments' above).

Risk management

The directors are aware of the major risks to which the charity is exposed, in particular those related to the operations and finances of the organisation, and are satisfied that appropriate systems are in place to mitigate exposure to the major risks.

State of affairs and events since the balance sheet date

In the opinion of the directors, the state of the company's affairs is satisfactory and there has been no material change since the balance sheet date.

Taxation status

Operation Smile Ireland has been granted charitable status under Section 848A of the Taxes Consolidation Act 1997.

Directors

The present membership of the board is set out on page 1.

Political Contributions

There were no political contributions during the year which require disclosure under the Electoral Act 1997.

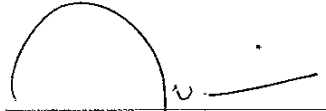
Operation Smile Ireland
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Directors' report

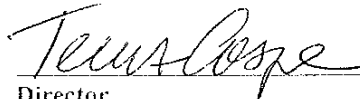
Auditors

The Auditors, Horwath Bastow Charleton, Registered Auditors, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

This report was approved by the Board on 24.2.11 and signed on its behalf by



Director



Director

Independent Auditors report to the members of Operation Smile Ireland

We have audited the financial statements of Operation Smile Limited for the year ended 30 June 2010 on pages 7 to 14 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 10.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the Company's Directors are responsible for preparing the financial statements in accordance with applicable law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you whether in our opinion proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Independent Auditors report to the members of Operation Smile Ireland - continued

Basis of opinion - continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Limitation of Scope - Income from fund raising events

The evidence available to us was limited because this charity, in common with many others of similar size and organisation, derives a proportion of its income from fund raising events which cannot be fully controlled until they are entered in the accounting records, and are not therefore fully susceptible to independent audit verification. This risk is mitigated in the case of Operation Smile Ireland by the fact that only a relatively small portion of this income is derived in cash.

Opinion

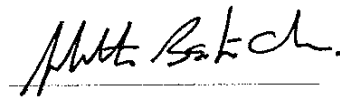
Except for any adjustments that might be found to be necessary had we been able to obtain greater evidence concerning funds raised from fund raising events, as outlined above, in our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at the 30 June 2010 and of its results for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2009.

As indicated above, we have been unable to satisfy ourselves that all transactions were completely and correctly recorded. In all other respects, we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 2 to 4 is consistent with the financial statements.

24-2-2011

Date



Horwath Bastow Charleton
Registered Auditors
Horwath House
The Red Church
Henry Street
Limerick

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Statement of financial activities for the year ended 30 June 2010

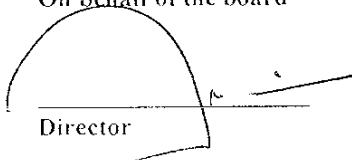
	Notes	Continuing operations	
		2010	2009
		€	€
Incoming resources			
Donations and gifts		53,657	61,312
Activities for generating funds		94,600	134,581
Total incoming resources		148,257	195,893
Cost of generating voluntary income	3	(22,569)	(76,371)
Net income from activities		125,688	119,522
Resources expended			
Cost of generating funds:			
-Direct charitable expenditure	4	(184,478)	(44,135)
-Managing and administering the charity	4	(71,979)	(59,745)
Total resources expended		(256,457)	(103,880)
Other operating income	5	8,462	8,371
Net (outgoing)/incoming resources for the year		(122,307)	24,013

The results as outlined above derive from the company's continuing activities.

There are no recognised gains or losses other than the net movement in fund balances for the above two financial years.

The notes on pages 10 to 11 form part of these financial statements.

On behalf of the board



 Director



 Director

Operation Smile Ireland

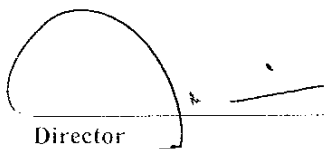
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Balance sheet as at 30 June 2010

	Notes	2010 €	2009 €
Fixed assets			
Tangible assets	8	12,313	9,160
Current assets			
Debtors	9	1,489	2,318
Cash at bank and in hand		227,154	330,001
		228,643	332,319
Creditors: amounts falling due within one year	10	24,284	2,500
Net current assets		204,359	329,819
Total assets less current liabilities		216,672	338,979
Net assets		216,672	338,979
Reserves			
Reserves	11	216,672	338,979

The notes on pages 10 to 11 form part of these financial statements.

On behalf of the board


Director


Director

Operation Smile Ireland

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Cash Flow Statement for the year ended 30 June 2010

	Notes	2010 €	2009 €
Reconciliation of operating (loss)/profit to net cash outflow from operating activities			
Operating (loss)/profit		(122,307)	24,013
Depreciation		1,972	1,454
Interest received		(4,462)	(3,371)
Decrease in debtors		829	10,682
Increase/(decrease) in creditors		21,784	(1,767)
Net cash (outflow)/inflow from operating activities		<u>(102,184)</u>	<u>31,011</u>

Cash Flow Statement

Net cash (outflow)/inflow from operating activities		(102,184)	31,011
Returns on investments and servicing of finance	12	4,462	3,371
Capital expenditure	12	(5,125)	(1,600)
(Decrease)/increase in cash in the year		<u>(102,847)</u>	<u>32,782</u>

Reconciliation of net cash flow to movement in net funds (Note 13)

(Decrease)/increase in cash in the year		(102,847)	32,782
Net funds at 1 July 2009		<u>330,001</u>	<u>297,219</u>
Net funds at 30 June 2010	13	<u>227,154</u>	<u>330,001</u>

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Notes to financial statements for the year ended 30 June 2010

1. Statement of accounting policies for the year ended 30 June 2010

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and with reference to to recommendations of the revised Statement of Recommended Practice (SORP) Accounting and Reporting by Charities issued by the Charity Commissioners in 2000.

1.2. Income

Income is credited to the statement of financial activities in the year to which it relates. The income of the organisation includes donations and fundraising funds, over which control is exercised when received by the company.

1.3. Cashflow statement

The company does not qualify as a small company under legislation and therefore, in accordance with FRS1: 'Cash Flow Statements', it has prepared a cash flow statement.

1.4. Resources Expended

Resources expended are analysed between fundraising and publicity costs and the costs of managing and administering the charity.

1.5. Taxation

No charge to taxation arises as the Trust has been granted exemption under Sections 848A of the Taxes Consolidation Act 1997.

1.6. Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - 12.5% straight line

2. Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and with accounting standards generally accepted in Ireland as published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

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Notes to financial statements for the year ended 30 June 2010

3.	Cost of generating voluntary income	2010	2009
		€	€
	Fundraising and publicity		
	Cost of generating voluntary income	22,569	76,371
		<u>22,569</u>	<u>76,371</u>
4.	Analysis of total resources expended		
		2010	2009
		€	€
	Direct charitable expenditure		
	Student programme: Educational development	4,457	8,795
	International medical missions: Volunteer expenses	80,001	22,320
	Central region education and training programmes	100,020	13,020
		<u>184,478</u>	<u>44,135</u>
	Managing and administering the charity		
	Wages and salaries	24,563	9,220
	Employer's PRSI	1,868	-
	Rent payable	21,500	30,000
	Insurance	727	332
	Light and heat	5,589	1,698
	Printing, postage and stationery	5,979	6,306
	Marketing and advertising	3,957	5,462
	Telephone	2,576	1,752
	Bank charges	865	341
	General expenses	2,383	3,180
	Depreciation on FF & Equipment	1,972	1,454
		<u>71,979</u>	<u>59,745</u>
	Total resources expended	<u>256,457</u>	<u>103,880</u>
5.	Other operating income	2010	2009
		€	€
	Rental income	4,000	5,000
	Interest income	4,462	3,371
		<u>8,462</u>	<u>8,371</u>

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Notes to financial statements for the year ended 30 June 2010

6.	Operating surplus	2010 €	2009 €
	Operating surplus is stated after charging:		
	Depreciation on tangible assets	1,972	1,454
		<u>1,972</u>	<u>1,454</u>
7.	Employees		
	Number of employees		
	The average numbers of employees employed by the company during the year was:	2010 Number	2009 Number
	Administration	1	1
		<u>1</u>	<u>1</u>
	Employment costs		
		2010 €	2009 €
	Wages and salaries	24,563	9,220
	Social welfare costs	1,868	-
		<u>26,431</u>	<u>9,220</u>
8.	Tangible fixed assets		
		Fixtures, fittings and equipment €	Total €
	Cost		
	At 1 July 2009	11,902	11,902
	Additions	5,125	5,125
	At 30 June 2010	<u>17,027</u>	<u>17,027</u>
	Depreciation		
	At 1 July 2009	2,742	2,742
	Charge for the year	1,972	1,972
	At 30 June 2010	<u>4,714</u>	<u>4,714</u>
	Net book values		
	At 30 June 2010	<u>12,313</u>	<u>12,313</u>
	At 30 June 2009	<u>9,160</u>	<u>9,160</u>

The basis by which depreciation is calculated is stated at Note 1.5.

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Notes to financial statements for the year ended 30 June 2010

9.	Debtors	2010 €	2009 €
	Prepayments	1,489	2,318
10.	Creditors: amounts falling due within one year	2010 €	2009 €
	PAYE/PRSI	4,284	-
	Accruals and deferred income	20,000	2,500
		<u>24,284</u>	<u>2,500</u>
11.	Reserves	2010 €	2009 €
	Surplus funds at beginning of year	338,979	314,966
	(Deficit)/surplus for the year	(122,307)	24,013
	Surplus funds at end of year	<u>216,672</u>	<u>338,979</u>
12.	Gross cash flows	2010 €	2009 €
	Returns on investments and servicing of finance		
	Interest received	4,462	3,371
	Capital expenditure		
	Payments to acquire tangible assets	(5,125)	(1,600)
13.	Analysis of changes in net funds	2010 €	2009 €
		Cashflows €	€
	Cash at bank and in hand	227,154	330,001
14.	Capital commitments		

As at 30 June 2010 the company has not entered into any capital commitments.

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Notes to financial statements for the year ended 30 June 2010

15. Approval of financial statements

The financial statements were approved and authorised for issue by the Board on 24-2-2011.