

## Exodus Cry's Financial Philosophy

Exodus Cry is committed to the highest standards of financial stewardship and as a 501(c)(3) tax-exempt public charity, we take seriously the ethical and legal obligations expected of our organization. We work diligently to ensure that every dollar we receive is used as efficiently as possible in furtherance of our mission to break the cycle of commercial sexual exploitation and help those who are being sold for sex.

Accordingly, every other year we engage an independent public accounting firm to perform a full financial audit of our books. In full transparency, we [publish each audit report](#) on our website for public viewing.

### How We Determine Executive Pay

While each aspect of financial accountability is important, we take particular care with regard to executive compensation. The Exodus Cry Board of Directors makes every effort to ensure that the compensation package offered to the CEO is reasonable and appropriate. The process by which the Board establishes the compensation of the CEO mirrors the process outlined by the Internal Revenue Service.[1] This process involves, among other things, the following considerations:

- Exodus Cry's Board of Directors approves the CEO's compensation package in advance. The CEO and any members of the Board with a potential conflict of interest are fully recused from the discussion and the vote related to the CEO's compensation package.
- The Board makes its decision after reviewing appropriate data as to compensation comparability, looking at various industry-accepted compensation surveys and reports (e.g., the annual [Guidestar Nonprofit Compensation Report](#)). Specifically, the Board reviews compensation data for organizations that are similar to Exodus Cry in terms of geographic location, annual expenses, number of employees, etc.

Additionally, the Board consults throughout this process with an outside law firm with extensive experience in nonprofit matters and executive compensation. Based on the data presented and the recommendations of outside legal counsel, the Board sets an annual compensation package that is at or below what would be considered fair market value for the CEO's services contributed to the organization. The approved amount of compensation is reported to the IRS through the annual Form 990 and reported publicly by posting [the Form 990](#) on Exodus Cry's website.

### Why Paid Employees Are Essential to the Mission

Exodus Cry's program employees—working under the programs of [Shifting Culture](#), [Changing Laws](#), and [Reaching Out](#)—are a significant and primary means by which we complete our

mission, and donors participate in the fulfillment of this mission through the work of program employees.

For example, Exodus Cry's many [successful intervention and outreach efforts](#), through which victims of the sex trade find freedom from exploitation, would not be possible without the work of our Director of Intervention. Likewise, Exodus Cry would not be able to engage in the important work of [changing laws](#) and [shifting toxic cultural mindsets](#) without the work of Exodus Cry's Director of Abolition.

Even non-program employees venture into program work as needed because we are a small organization and every hand is on deck to accomplish the mission. In fact, program employees who labor towards the fulfillment of the mission are part of what makes Exodus Cry a public charity instead of a private foundation.

Further, program employee salaries/pay are benchmarked on an ongoing basis against [Guidestar](#) and [Evangelical Council for Financial Accountability](#) reports to be sure that the compensation is always within an appropriate range.

### **Debunking the “Overhead Myth”**

In recent years there has been a prevalence of misguided thinking which views non-profit overhead expenses in a negative light. This impairs many organizations' efforts to successfully and effectively fulfill their mission. Such thinking has come in response to legitimate concerns about some charities who have used donor funds to provide themselves with unreasonably high salaries at the expense of accomplishing their mission. However, the pendulum has swung so far in the opposite direction that many non-profit organizations have begun to neglect the needs of their key program employees to the detriment of the mission and the organization.

Many nonprofit associations/alliances are trying to bust the ["Overhead Myth"](#) that pervades the nonprofit sector. For decades, nonprofits have been encouraged and/or forced to put as many dollars into "programs" and as little into "overhead" as possible. But nonprofit professionals are coming to understand that when this happens, the nonprofit ultimately suffers because programs are enabled, carried out, and supported by staff and infrastructure. Nonprofits must invest in overhead in order to remain sustainable.

Exodus Cry is committed to the truth that all of its employees are mission critical and should be reasonably compensated in order to carry out the organization's mission and continue to support their families with a living wage. Below are some excellent resources which debunk the “Overhead Myth” and we highly encourage you to check them out!

[Overheadmyth.com](http://Overheadmyth.com)

[TED Talk: The Way We Think About Charity Is Dead Wrong](#)

[I Am Overhead](#)

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[1] Known as the “rebuttable presumption of reasonableness”, detailed in [26 CFR § 53.4958-6](#).