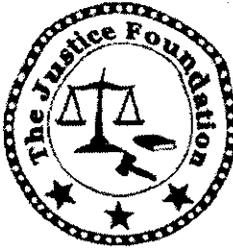


CGB-CC-0572

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AUG 14 2006

FCC-MAILROOM



# The Justice Foundation

8122 Datapoint Drive, Suite 812 ♦ San Antonio, TX 78229 ♦ Tel. 210-614-7157 ♦ Fax 210-614-6656  
www.operationoutcry.org ♦ www.txjf.org

August 4, 2006

Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

Gentlemen:

The Justice Foundation programmer of the television program "*Faces of Abortion*" is hereby filing in the alternative for a Section 79.1(d) Application for Exemption under the Undue Burden Process. We are of the opinion that such an application is unnecessary however due to the request of our distributor, we are making this application out of an abundance of caution. The program falls under #11 of Section 79.1(d) because it has no revenue.

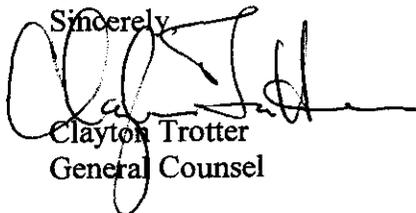
The Justice Foundation is a 501(c)(3) public interest organization which exists solely on the donations of its contributors. The television program of The Justice Foundation "*Faces of Abortion*" is a unique program which allows women who have had abortion to testify to the effect of those abortions on their lives. The program itself has no revenues and is broadcast free of charge to the programmer. We receive no remuneration for the program. We understand that it could cost us as much, if not more to close-caption the program than it costs us to develop and produce the program. In short, it might prevent us from producing the programming if we had to go to the expense of close captioning.

The financial resources of The Justice Foundation are free will donations made from the public and very little of the resources of The Justice Foundation are allocated to the program. Almost all of the resources of the programmer go to pay salaries and secretarial support in other areas.

If you will, "*Faces of Abortion*" is very much a sideline "to the operations of the provider", The Justice Foundation. We do not really have any available alternatives that would be a reasonable substitute for close captioning and finally the program "*Faces of Abortion*" simply has no revenues so it obviously would be an undue burden to charge it for costs for close captioning when it makes no money.

In the unlikely event that we do not fall under Number 11 of Section 79.1(d), please consider this an application for an exemption for close captioning on the basis of undue burden.

Sincerely,

A handwritten signature in black ink, appearing to read "Clayton Trotter", written over the typed name and title.

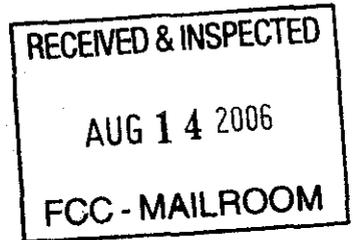
Clayton Trotter  
General Counsel



# The Justice Foundation

8122 Datapoint Drive, Suite 812 ♦ San Antonio, TX 78229 ♦ Tel. 210-614-7157 ♦ Fax 210-614-6656  
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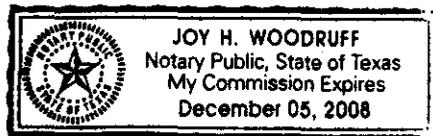
Dear Sirs:

This is to certify that The Justice Foundation is the programming provider for *Faces of Abortion* and we receive no gross revenue from any source for this program.

Yours truly,

Enriqueta Aguilar  
Executive Assistant to the  
President of The Justice Foundation

Subscribed and sworn to before me, the undersigned authority, on this the 4<sup>th</sup> day of August, 2006.



NOTARY PUBLIC In and for  
TEXAS.-

**The Justice Foundation**  
**Financial Statements**  
**and Supplementary Information**

December 31, 2005 and 2004

# The Justice Foundation

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**PADGETT, STRATEMANN & CO., L.L.P.**

Certified Public Accountants and Business Advisors

**Independent Auditors' Report**

To the Board of Directors  
The Justice Foundation  
San Antonio, Texas

We have audited the accompanying statements of financial position of The Justice Foundation as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Justice Foundation as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Padgett, Stratemann & Co., L.L.P.*

Certified Public Accountants  
July 13, 2006

100 N.E. Loop 410, Suite 1100, San Antonio, Texas 78216 • [www.padgett-cpa.com](http://www.padgett-cpa.com)  
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**The Justice Foundation**  
**Statements of Financial Position**

December 31, 2005 and 2004

Assets

	<u>2005</u>	<u>2004</u>
Current assets:		
Cash	\$ 163,245	\$ 116,122
Prepaid expenses	4,090	-
Accounts receivable	6,566	2,843
Accounts receivable – employee	-	<u>1,900</u>
Total current assets	<u>173,901</u>	120,865
Property and equipment – net	<u>15,246</u>	<u>12,804</u>
Total assets	<u>\$ 189,147</u>	<u>\$ 133,669</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ <u>72,852</u>	\$ <u>30,867</u>
Total current liabilities	<u>72,852</u>	<u>30,867</u>
Net assets:		
Unrestricted	<u>116,295</u>	<u>102,802</u>
Total net assets	<u>116,295</u>	<u>102,802</u>
Total liabilities and net assets	<u>\$ 189,147</u>	<u>\$ 133,669</u>

*Notes to financial statements form an integral part of these statements.*

# The Justice Foundation

## Statements of Activities

Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Public support:		
Contributions:		
General	\$ 862,282	\$ 838,249
In-kind	39,173	42,223
Special events – net of expenses of \$75,327 and \$25,024 in 2005 and 2004, respectively	<u>172,581</u>	<u>78,721</u>
Total public support	<u>1,074,036</u>	<u>959,193</u>
Expenses:		
Program services	863,072	702,177
General and administrative	93,137	72,657
Fundraising	<u>104,334</u>	<u>94,968</u>
Total expenses	<u>1,060,543</u>	<u>869,802</u>
Increase in net assets	13,493	89,391
Net assets at beginning of year	<u>102,802</u>	<u>13,411</u>
Net assets at end of year	<u>\$ 116,295</u>	<u>\$ 102,802</u>

*Notes to financial statements form an integral part of these statements.*

# The Justice Foundation

## Statements of Cash Flows

Years Ended December 31, 2005 and 2004

### Increase (Decrease) in Cash

	<u>2005</u>	<u>2004</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ <u>13,493</u>	\$ <u>89,391</u>
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,666	11,274
Property contribution	-	(2,895)
Loss on disposals	1,591	21,120
Donated stock	(67,911)	-
Changes in:		
Prepaid expenses	(4,090)	-
Accounts receivable	(3,723)	(2,843)
Accounts receivable – employee	1,900	-
Accounts payable	<u>41,985</u>	<u>(218)</u>
Total adjustments	<u>(23,582)</u>	<u>26,438</u>
Net cash provided by (used in) operating activities	<u>(10,089)</u>	<u>115,829</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(10,699)	(8,869)
Proceeds from sale of donated stock	<u>67,911</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>57,212</u>	<u>(8,869)</u>
Net increase in cash	47,123	106,960
Cash at beginning of year	<u>116,122</u>	<u>9,162</u>
Cash at end of year	<u>\$ 163,245</u>	<u>\$ 116,122</u>

Notes to financial statements form an integral part of these statements.

# The Justice Foundation

## Notes to Financial Statements

### 1. Nature of Organization and Significant Accounting Policies

#### *Organization*

The Justice Foundation (the "Foundation") is a not-for-profit corporation formed to provide and assist in legal representation for citizens of the United States of America ("USA"), both corporate and individuals, on matters of public interest at all levels of the administrative and judicial process. The Foundation also collects, compiles, and publishes full and fair presentations of fact, conclusions, information, and statistics concerning the effects of government activities upon the social and economic institutions of the people of the USA.

#### *Basis of Presentation*

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified as unrestricted, temporarily restricted, and permanently restricted based upon the following criteria:

*Unrestricted net assets* – Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restriction.

*Temporarily restricted net assets* – Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performances of a future event or a specific passage of time before the Foundation may spend the funds. There are no temporarily restricted net assets as of December 31, 2005 and 2004.

*Permanently restricted net assets* – Permanently restricted net assets, including endowments received by the Foundation, are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. There are no permanently restricted net assets as of December 31, 2005 and 2004.

#### *Cash Equivalents*

For financial statement purposes, the Foundation considers all cash on hand, cash in banks, and cash in money market accounts to be cash equivalents.

# The Justice Foundation

## Notes to Financial Statements

### 1. Nature of Organization and Significant Accounting Policies (continued)

#### *Revenue Recognition*

Contributions are recognized as revenue when they are received or unconditionally pledged. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction. Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Although a number of volunteers have given their time to the programs of the Foundation, such services have not been recognized, as these donated services do not meet the requirements as described in the preceding paragraph.

#### *Property and Equipment*

Property and equipment are stated at cost if purchased, or at fair value if donated. Depreciation is calculated on the double declining method based on the following estimated useful lives: furniture and equipment – 5 to 7 years. Software, which is included in equipment, is amortized on the straight-line basis over an estimated useful life of 3 years.

#### *Accounts Receivable*

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

#### *Federal Income Taxes*

The Foundation is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

# The Justice Foundation

## Notes to Financial Statements

### 1. Nature of Organization and Significant Accounting Policies (continued)

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the USA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Functional Allocation of Expenses*

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, costs are allocated to program services, general and administrative, and fundraising expenses based on actual use or estimated use if actual use is not readily determinable.

### 2. Property and Equipment

The Articles of Incorporation of the Foundation state that, upon dissolution of the Foundation, all property and equipment (or the proceeds from sale remaining after settlement of all liabilities) shall be distributed exclusively for the tax-exempt purposes of the Foundation, either by direct distribution or by distribution to one or more organizations to which contributions are deductible under the provisions of Sections 170(b)(1)(A), 2055, and 2522 of the IRC and its regulations as they now exist or as they may hereafter be amended.

Property and equipment consist of the following:

	December 31,	
	2005	2004
Furniture and equipment	\$ 58,760	\$ 72,596
Less accumulated depreciation and amortization	<u>43,514</u>	<u>59,792</u>
	<u>\$ 15,246</u>	<u>\$ 12,804</u>

# The Justice Foundation

## Notes to Financial Statements

### 3. Operating Leases

The Foundation leases its office space under a verbal operating lease agreement with a related party. Total rent expense for each of the years ended December 31, 2005 and 2004 was \$38,198. Rent payable totaling \$38,198 for the years ended December 31, 2005 and 2004, was forgiven and treated as an in-kind contribution to the Foundation.

The Foundation also leases a copier which requires monthly rental payments of \$338 over 60 months. The lease expires in February 2008. Minimum rental commitments as of December 31, 2005 are as follows:

Year ending December 31,	
2006	\$ 4,055
2007	4,055
2008	<u>676</u>
	<u>\$ 8,786</u>

### 4. In-Kind Contributions

In-kind contributions consist of the following:

	December 31,	
	<u>2005</u>	<u>2004</u>
Facility rent	\$ 38,198	\$ 38,198
Property	-	2,895
Form 990 preparation	<u>975</u>	<u>1,130</u>
	<u>\$ 39,173</u>	<u>\$ 42,223</u>

# **The Justice Foundation**

## **Notes to Financial Statements**

### **7. Concentration of Credit Risk**

The Foundation maintains cash balances in one bank located in San Antonio, Texas. Accounts at this institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. As of December 31, 2005 and 2004, the Foundation had \$0 and \$44,310 that exceeded the amount of FDIC coverage, respectively.

The Foundation is a not-for-profit organization supported by individual contributions. In 2005, three major contributors provided 28% (46% in 2004) of total contributions, of which 15% (21% in 2004) was from a related party.

**Supplementary Information**



**PADGETT, STRATEMANN & CO., L.L.P.**

Certified Public Accountants and Business Advisors

**Independent Auditors' Report on Supplementary Information**

To the Board of Directors  
The Justice Foundation  
San Antonio, Texas

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

*Padgett, Stratemann & Co., L.L.P.*

Certified Public Accountants  
July 13, 2006

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**The Justice Foundation**  
**Schedule of Functional Expenses**

Year Ended December 31, 2005

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 398,608	\$ 52,623	\$ 75,000	\$ 526,231
Employee benefits	21,362	2,374	5,491	29,227
Payroll taxes	29,191	3,881	5,738	38,810
	<u>449,161</u>	<u>58,878</u>	<u>86,229</u>	<u>594,268</u>
Rent – building	34,378	3,820	-	38,198
Legal fees	162,889	6,750	-	169,639
Contract labor	23,147	-	-	23,147
Charitable contributions	17,456	-	-	17,456
Travel	65,998	7,333	-	73,331
Office supplies	13,892	1,544	-	15,436
Printing and stationery	11,629	1,292	18,105	31,026
Postage	7,632	848	-	8,480
Bank charges	-	2,482	-	2,482
Penalties and fines	-	2,468	-	2,468
Marketing	20,094	2,233	-	22,327
Depreciation and amortization	5,999	667	-	6,666
Memberships and dues	3,961	440	-	4,401
Filing fees	7,403	-	-	7,403
Other	6,090	677	-	6,767
Property tax	2,147	239	-	2,386
Meals and entertainment	9,765	1,085	-	10,850
Internet/Web page	1,548	172	-	1,720
Equipment repair and maintenance	6,202	689	-	6,891
Telephone	10,698	1,189	-	11,887
Education and training	1,326	147	-	1,473
Professional fees and services	1,657	184	-	1,841
	<u>413,911</u>	<u>34,259</u>	<u>18,105</u>	<u>466,275</u>
	<u>\$ 863,072</u>	<u>\$ 93,137</u>	<u>\$ 104,334</u>	<u>\$ 1,060,543</u>

*See independent auditors' report on supplementary data.*

**The Justice Foundation**  
**Schedule of Functional Expenses**

Year Ended December 31, 2004

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 376,895	\$ 41,877	\$ 75,000	\$ 493,772
Employee benefits	25,920	2,880	-	28,800
Payroll taxes	32,568	3,619	5,738	41,925
	<u>435,383</u>	<u>48,376</u>	<u>80,738</u>	<u>564,497</u>
Rent – building	35,278	3,920	-	39,198
Legal fees	48,169	-	-	48,169
Contract labor	9,100	-	14,230	23,330
Charitable contributions	28,195	-	-	28,195
Travel	43,050	4,783	-	47,833
Office supplies	18,036	2,004	-	20,040
Printing and stationery	17,003	1,889	-	18,892
Postage	6,133	682	-	6,815
Bank charges	-	1,344	-	1,344
Penalties and fines	-	2,894	-	2,894
Marketing	6,988	776	-	7,764
Depreciation and amortization	10,147	1,127	-	11,274
Memberships and dues	3,103	345	-	3,448
Filing fees	945	-	-	945
Other	7,389	821	-	8,210
Property tax	1,499	167	-	1,666
Meals and entertainment	5,842	649	-	6,491
Internet/Web page	2,914	324	-	3,238
Equipment repair and maintenance	7,938	882	-	8,820
Telephone	11,602	1,289	-	12,891
Education and training	1,755	195	-	1,950
Professional fees and services	1,708	190	-	1,898
	<u>266,794</u>	<u>24,281</u>	<u>14,230</u>	<u>305,305</u>
	<u>\$ 702,177</u>	<u>\$ 72,657</u>	<u>\$ 94,968</u>	<u>\$ 869,802</u>

*See independent auditors' report on supplementary data.*