



**Illinois
Association of
Museums**

Considerations and
Recommendations
for Museums Forced
to Close During
COVID-19

This March 2020 presentation assumes the following about your museum:

1. You have considered applying for the SBA forgivable loans available to nonprofits.

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loanresources>

2. You have reached out to your constituents and community to let them know of the dire situation you face.

3. You have reached out to your local policy makers for help.

If you have not taken these basic steps for your organization, please reconsider your decision to close your museum.



First.... Breathe.

- Your museum colleagues and professional associations are here to help.
- Focus on your staff and board. Be transparent and open with information.
- Don't forget your members. Make sure communication is clear and honest about what is happening.



What are your legal responsibilities?



- Your board and executive director needs to review your bylaws “dissolution clause” immediately. Often times, the language will indicate restrictions on what can be done with the collection and assets when a museum closes.
- Consult an attorney to protect your board from making mistakes in the process.
- Consult the Illinois Attorney General’s Office Charitable Trust Bureau 100 W. Randolph Street, 11th Floor Chicago, Illinois 60601 Phone: 312-814-2595

From the IRS:

“To establish that an organization’s assets will be permanently dedicated to an exempt purpose, the organizing document should contain a provision insuring their distribution for an exempt purpose if the organization dissolves.”

LAW PROJECT RESOURCE:

[CLICK HERE](#)

What are your ethical responsibilities for the collection?



- Museums function in the public trust and hold their collections for the community. It is critical that the collection REMAIN in the public domain.
- Maintain and preserve the collection records during the closing. Materials need provenience
- Make sure your structures are considered as well. Are they part of the collection or a non-historic asset? Can you prove it?
- Your bylaws may indicate the best place for the collection to transfer. If not, create a statement or overview of the collection for other museums to consider.
- Keep in mind, it is a BIG ask for a museum to take your collection. They will have many things to consider including: physical move & handling, additional costs, associated records merging with yours...



Finally, keep this in mind...

- Be proactive and out-front with this process.
- Constituents, members, donors, staff, and community may not agree with your decision. Be prepared with clear language of the why and next steps of the closure.
- Anyone can sue you over this decision. Make sure your D&O insurance is updated and active.
- Seek sound financial and legal advice and follow the law when it comes to dissolution.

“Your organization is required by law to transfer all remaining assets to another tax-exempt organization or to the government.

This means that in the dissolution process your nonprofit cannot give any of its property away to individuals, including board members, other volunteers, employees or those served.

The nonprofit can, however, sell its assets, as long as the individual or entity purchasing the asset is paying a reasonable amount, ideally the “fair market value.”