

What's Next? A Guide to Museum Transitions and Closures

a position paper



AMERICAN ASSOCIATION *for* STATE *and* LOCAL HISTORY

Table of Contents

Preface.....	3
Introduction.....	5
Options to Consider.....	7
Responsibilities of Governing Authority and Staff.....	10
Community and Communications.....	12
Legal Issues.....	15
Ethical Issues.....	20
What Happens to the Collection(s)?.....	22
What Happens to the Building(s)?.....	26
Conclusion.....	29

What's Next? A Guide to Museum Transitions and Closures¹

Preface

One of the many lessons that history teaches us is that change is constant, and that beginnings and endings are frequent. This includes changes, and even endings, for museums, historic houses, and historical societies, too. You may be despairing about the financial struggle that your museum is facing, or have done some careful thinking about your organization's mission and your community's needs, and realized that you need to consider a transition or a closure. This resource introduces the process of closing (or merging, etc.) a history museum. The following sections review the options for transition; consider the responsibilities of governing authorities² and staff (and/or volunteers) in the process, as

¹ For the purposes of this resource, we are using the term "history museum," but intend that to mean all types of history organizations (house museums, historical societies, etc.). This resource addresses historical organizations with 501(c)3 status, a history-related mission, and a collection of some sort, including some or all of the following: historical objects, library materials, or structures.

² The governing entity for most private, nonprofit organizations is called a board of directors or board of trustees. For non-traditional history organizations, the governing entity might be a department within city, county, state, federal, or tribal government. It may also be part of a parks agency, corporation, or college or university department.

well as the process of communicating the impending change to the museum's community; provide an introduction to the legal and ethical issues involved; and offer considerations on how to deal with the museum's collection(s) and building(s). Please note, each state has different laws relating to the closure of a nonprofit organization, so this resource is intended as an overview and a starting place, rather than as a specific checklist. Depending on your particular situation, consultation with experienced legal counsel, an accountant with nonprofit experience, and your state Attorney General may be warranted.

A working group from AASLH, including members of AASLH's Small Museums Affinity Community, Field Services Alliance, and Standards and Ethics Committee, put this resource together in summer 2020, starting with a review of the 2006 version, "When a History Museum Closes." The group incorporated public comments about the previous version, as well as comments from several AASLH affinity communities and public comments on an earlier draft of this resource. We hope this resource provides a useful start to your process as you wrestle with options for your museum.

The term "governing authority" is used throughout this resource to refer to the entity or entities that have ultimate responsibility for an organization.

Introduction

A history museum may close its doors due to many factors, but that should not imply that it will necessarily cease to exist as a legal entity. While insufficient funding is the most common cause of museum closure, there may be other factors, and these can inform your museum's decision-making process as it closes (or merges with another organization, etc.).

Consider the life cycle of a nonprofit: at numerous points throughout its existence, a nonprofit undergoes thoughtful re-tooling to adapt and stay relevant.³ Museums should weigh how they aspire to benefit their community with whether they are benefiting the community. If your museum is struggling to adhere to its mission, it is possible that the museum would better serve the community as something else. A museum may be in decline, and ultimately, crisis, but there are options to merge, consolidate, or repurpose, in addition to closing the doors.⁴

³ For an explanation of the nonprofit life cycle, see Social TrendSpotter, "Where is Your Organization in the Nonprofit Lifecycle? Why All Nonprofits Need This Crucial Piece of the Puzzle," *Medium*, November 14, 2019, medium.com/@socialtrendspot/where-is-your-organization-in-the-nonprofit-lifecycle-5ecdbac831ce.

⁴ For more on these options, see Rachael Cristine Woody, "Museums in Financial Trouble: Sell, Close or Plan a Museum Merger?", *Lucidea*, January 16, 2019, lucidea.com/blog/museums-in-financial-trouble-sell-close-or-plan-a-museum-merger. See also Lee Bruder, "Nonprofit Dissolution: What to Do When Closing the Doors," *Nonprofit Quarterly*, August 18, 2017, nonprofitquarterly.org/nonprofit-dissolution-what-to-do-when-closing-the-doors.

Many of these solutions benefit from foresight and planning, which is not possible for every museum, particularly one that is experiencing rapid financial deterioration. However, in all instances, it is important to review your museum's by-laws and policies regarding the management of collections, properties, and endowments. It is also advisable to consult with the museum's attorney and, if warranted, the state Attorney General to ensure any deaccession and disposition of collections materials and funds is handled appropriately.⁵ Does the museum have a dissolution clause in its governing documents?⁶ If so, it needs to be followed. If not, the governing authority should establish and prioritize goals for the dissolution to be clear about what will be achieved by the end of the process. Also keep in mind that there will be costs to closing or pursuing other options for the organization.

Regardless of your decision, it should be made at the earliest point in time after all alternatives have been weighed so as to minimize the adverse impact of running so short of cash as to place the collection in

⁵ Organizations that operate under territorial or tribal governments should check with their appropriate office about any applicable policies.

⁶ A dissolution clause provides direction about the disposition of a nonprofit's assets in the event the organization is dissolved. Some places to look for the museum's dissolution clause are: in the organizing document, such as the articles of incorporation or the by-laws (filed with the state at the founding of the organization); on Form 1023, which was filed for federal tax exemption (section 501(c)3 status—the IRS requires a dissolution clause); or, if unable to find a dissolution clause in either of those, state law may control nonprofit dissolution.

jeopardy of creditors.⁷ The people involved at all levels of the museum should be considered, too. A history museum cannot abandon its responsibility to act in the public trust. That means recognizing an obligation to protect the collections and other restricted assets and ensuring that they continue to be preserved and made accessible to the public. Decisions should not be made under financial duress without considering the public and the public trust.

Options to Consider

None of the options highlighted here are easy, and several are dependent on state laws as well as the organization's governing documents and internal policies and practices. If the museum is a member of a professional association such as AASLH, ethical codes and best practices may also be relevant.

Mergers, acquisitions, and consolidations between museums tend to be the options that organizations think of first. Can you form a relationship between your museum and another museum or nonprofit organization

⁷ Whether collections objects, which are held in trust for the public, can be liquidated to satisfy claims of creditors is an open question that may depend on applicable state statutory and case law. In a judicial dissolution proceeding, a New York court suggested that while restricted assets, including collections objects with donor restrictions, may not be subject to creditors' claims, unrestricted assets may be. See Matter of Friends of Long Island's Heritage, 80 A.D. 3rd 223 (2010).

that has overlapping or complementary goals? Though the three terms are often used interchangeably, they do in fact have distinct differences which are succinctly outlined by the American Alliance of Museums (AAM).⁸ A merger entails one museum or organization acquiring another museum's assets and liabilities. Acquisition refers to acquiring specific assets only. Consolidations are in a similar vein: two museums join to form a third, separate entity.

For example, the spacious American Civil War Center and the collections-heavy Museum of the Confederacy consolidated recently to form the American Civil War Museum to take advantage of the strengths of both organizations.⁹ The Portland Harbor Museum merged with the Maine Maritime Museum to preserve its collections and further its mission.¹⁰

While the first impulse may be to combine two history museums, relationships with other nonprofit organizations can also be explored. In Massachusetts, the Trustees of Reservations and the deCordova

⁸ Elizabeth Varner, "Restructuring Nonprofit Organizations: Mergers, Acquisitions, Consolidations, Partnerships and Separations," *American Alliance of Museums*, June 2, 2015, aam-us.org/2015/06/02/restructuring-nonprofit-organizations-mergers-acquisitions-consolidations-partnerships-and-separations.

⁹ For an overview of this merger, see Andrew M. Davenport, "A New Civil War Museum Speaks Truths in the Former Capital of the Confederacy," *Smithsonian Magazine*, May 2, 2019, smithsonianmag.com/history/civil-war-museum-speaks-truths-former-capital-of-confederacy-180972085.

¹⁰ For more on this merger, see Mark Thompson, "Lessons from a Museum Merger," *American Association for State and Local History*, August 29, 2018, aaslh.org/lessons-from-a-museum-merger.

Sculpture Park and Museum in Lincoln entered into an agreement that allows the museum to exist as a separate nonprofit, maintained by the Trustees of Reservations.¹¹ The museum and nonprofit had overlapping missions despite not being two historic sites.

Unfortunately, not all situations are conducive for a museum to form a relationship or partnership with another organization, and other solutions may need to be considered. Although not appropriate for all museums, historic houses in particular could consider options such as changing into a study house or a resident curatorship.¹² Both of these require relinquishing substantial physical control of the building and any collections in favor of leasing it to another party and offering public access to the property on a more limited basis.

Selling museum property to a private owner can be a source of anguish, but in some circumstances, it is the best decision for the museum. The governing authority of the Joseph Spaulding House in Pawtucket, Rhode Island, sold the historic house to a private buyer after realizing the current model was unsustainable and the house was not serving the

¹¹ For more on this arrangement, see Gintautas Dumcius, “Trustees, deCordova Museum Merger Okayed,” *Boston Business Journal*, March 25, 2019, bizjournals.com/boston/news/2019/03/25/trustees-decordova-museum-merger-okayed.html.

¹² See “Organizations at Crossroads,” *Preserve Rhode Island*, June 16, 2020, preserveri.org/organizations-at-crossroads. Another case study of interest is that of Carter’s Grove in Williamsburg, Virginia. An internet search turns up a number of news articles about the stages in the process that Colonial Williamsburg followed as it sought to find a new use and, eventually, owner, for the property.

community as well as it could.¹³ These sales can include easements (a legal agreement and deed restriction that permanently protects a historic property) that can ensure varying levels of preservation depending on how the easements are written.

Examining a multitude of options can ensure that portions of your museum's collections and mission remain central to the community, even if the final product looks different.

Responsibilities of Governing Authority and Staff

Once the best options are identified, the decision to close the museum (or to merge or pursue another option) must be approved by the museum's governing authority. This is a decision that relates to all three fiduciary duties of the governing authority:

the duty of care that requires it to ensure prudent use of the museum's assets;

¹³ See New England Museum Association, "Letting Go of Your Historic House Museum," June 16, 2020, webinar, 01:19:13, [youtube.com/watch?v=VlctiuaNcs0&feature=youtu.be](https://www.youtube.com/watch?v=VlctiuaNcs0&feature=youtu.be).

the duty of loyalty, requiring the governing authority to make decisions that are in the best interest of the museum; and the duty of obedience, requiring that the governing authority ensure that the museum follow applicable internal museum policies, as well as applicable laws and regulations.

However, the governing authority should not take on this decision without input from staff, volunteers, and its community (see below for more on handling communication with the community). Consulting with an attorney and an accountant early in the process can also be invaluable.

Once the decision has been made, the governing authority, led by its chair or president, needs to follow the rules and process set by the state Attorney General (or by territorial or tribal authority, if applicable) for dissolving or merging a charitable corporation. Much like any project that the museum has pursued, the governing authority and the staff follow their established roles. The governing authority is responsible for making sure that the applicable legal requirements are followed and that the finances are handled appropriately. If the museum has paid staff, provisions should be made to retain appropriate staff through the closure (or merger, etc.) process to handle the details of deaccessioning and disposing of the collection (and passing on accurate records with the collection items) and of disbursing the assets of the organization. Staff

can also handle the public relations role, preparing press releases for local media and talking points to help the governing authority's leadership answer questions.

If the museum is entirely volunteer-run, the governing authority will need to be sure that the required tasks concerning the collection, finances/accounting, and public relations are handled by the appropriate people, whether governing authority members or experienced volunteers. If finances permit, the museum may want to consider hiring someone with appropriate experience to oversee some or all of these tasks.

The governing authority should also keep in mind that the closure or change can be an emotional process for staff and volunteers who have worked at the museum. Having a governing authority liaison who checks in with the staff and volunteers periodically could be helpful.

Community and Communications

When a museum undertakes a change that will alter its current organizational structure (whether closure, merger, etc.), staff, governing authority members, and volunteers will feel the impact directly. So will the larger community that includes donors, members, visitors, school

groups, neighbors, supporters, ticket holders, contractors, suppliers, and anyone else who has had a relationship with the organization. This will occur no matter how an organization is perceived, regardless if it was beloved or if its closure or merger was long expected. Communicating with the museum's community needs to be handled carefully and clearly.

The stress and burden of dealing with the museum's closure (or merger, etc.) will fall hardest on staff, supporters, and leadership. While there will be governance issues to be resolved, emotional ones will also arise. Any paid staff will be laid off and the loss of income could be devastating. Volunteers may feel a sense of abandonment. Donors may feel betrayed for having donated objects or funds. Leadership designated to oversee organizational change may feel shame or a sense of failure for being unable to keep the organization afloat. Dealing with dissolution can be a lonely task, and rumors may run rampant. If a museum's significant change is sudden or clouded by confusion or a lack of transparency, the museum could lose the confidence of the community and misinformation will have to be dealt with by the skeletal staff and governing authority left behind to oversee the end stages of the organization.

To mitigate these impacts, the museum should act early and communicate clearly when considering dissolution. Museum leadership will have to find the courage to explore the museum's future and to

ensure that conversations about that future are clear-sighted. Often, the chair/president and the executive director (if there is one) will be the first to realize that the museum needs to cease operations. They are obligated to inform the governing authority as well as the staff (and/or volunteers) of the situation early and then work with both groups toward a dissolution plan.

Once leadership has a plan to dissolve the museum, it should be as transparent as possible about its future with staff, the governing authority, donors, and supporters. It is important to establish a hierarchy of who is notified of the museum's closing. The inner circle of staff, governing authority, volunteers, stakeholders, and long-time supporters of the museum should be notified before news reaches the community at large so they do not feel left out of the final decision.

Developing a communications plan early in the dissolution process will help manage community impact, reaction, and pushback. Crafting a thoughtfully worded announcement of the museum's pending changes will increase transparency about the process, minimize confusion, and help the museum be responsive to its constituents. If the change is a merger with another museum, it will be important to have consistent messaging from each organization. Otherwise, an inconsistent message will create unnecessary confusion and lead to misinformation. A communications plan establishes a list of who is to be notified and when.

Since communications both internally and externally will be a critical element in the dissolution process, a spokesperson should be designated to handle this. By directing inquiries to responsible parties, developing press releases, and providing talking points to staff and board, the spokesperson will minimize misinformation while providing clarity.

Although the dissolution of an organization can be met with sadness, it can also be a time for celebration. While commemorating the end-of-life for an organization may seem maudlin, farewell events can be opportunities to acknowledge the good things the museum did for the community as well as to thank the people who supported it over the years. Honoring accomplishments and legacy can come in a variety of forms with the goal of burnishing a positive and long-lasting memory of the organization.

Legal Issues

There are a number of legal requirements that a museum needs to consider when dissolving its current form and entering the next phase of its life cycle, whether that is merging with another organization or closing its doors entirely.

The museum's governing authority is ultimately responsible for making the decision to dissolve the organization, whether that be through closure, merger, or otherwise. In making this decision and throughout the process of executing that decision, the fiduciary duties of loyalty, care, and obedience will continue to apply to all actions by members of the governing authority. Essentially, these fiduciary duties require that all members of the governing authority remain loyal to the organization and its mission (even above their personal interests), take proper care of the organization (including its collections, assets, and finances), and remain obedient to the mission, governing documents, and the charitable or educational purpose that informs its tax exempt (Section 501(c)(3)) status. For the members of the governing authority, this means continuing to place the interests of the organization above their own interests and dissolving the organization in a manner consistent with the founding documents, mission, applicable state and local laws, and IRS regulations.

If the museum has a conflict of interest policy in place, adherence to that policy will help to ensure that members of the governing authority are maintaining their fiduciary obligations. Even if the museum does not have a conflict of interest policy, adherence to the fiduciary duties and ethical standards should avoid any conflicts and, ideally, any appearance of conflicts. The conflict of interest policy can (and should) also apply to any staff or others directly involved in the museum, for instance regulating who may take possession of property disposed by the

museum (collections or otherwise) or enter into contracts to perform services for the museum.

Nonprofit organizations are governed primarily by the laws of their state of incorporation, so providing a clear roadmap on how to dissolve a specific museum is impossible in this resource. Each state's applicable law will be the main source of guidance. In many states, mandatory steps will include a formal vote by the governing authority to approve dissolution, the filing of required documents with appropriate government entities, and completing the "winding up" process of collecting monies owed to the museum, discharging all liabilities (debts), and distributing remaining assets in a manner aligned with the museum's charitable purpose.

In general, supervision of these and other matters falls to your state's Attorney General (AG).¹⁴ The AG is vested with the responsibility of oversight regarding nonprofit charitable organizations within the state. The AG has the power to investigate charitable organizations to ensure that their activities comply with applicable state laws.¹⁵ The AG also has

¹⁴ This discussion of the AG is also applicable in commonwealths and U.S. territories. You can find your AG and their office's contact information on the National Association of Attorneys General website at naag.org/naag/attorneys-general/whos-my-ag.php. Museums that fall under tribal authority should seek out the appropriate policies and processes under that authority.

¹⁵ If the AG believes the organization is not in compliance with those laws, they may bring an action against the organization which will then be decided in a court of law (assuming the parties do not reach a settlement agreement).

the power to oversee charitable trusts or gifts made to the organizations. Finally, the AG has oversight responsibility when a nonprofit charitable organization is going through the dissolution process, ensuring compliance with applicable laws and proper distribution of charitable assets. For these reasons, early, open, and honest communication with the AG can help a museum to ensure it is meeting its legal responsibilities as it winds down its affairs.¹⁶

On the federal level, if the organization is recognized as a tax-exempt entity under Section 501(c)(3), there are additional requirements to successfully close the doors. The Internal Revenue Code requires that when a 501(c)(3) organization undergoes a liquidation, dissolution, termination, or substantial contraction of its operations, it must inform the IRS of that termination on its final annual return (the version of the Form 990 required of the organization).¹⁷ In addition to the appropriate Form 990, the IRS will require certain supporting documents (such as the articles of dissolution or merger) and Schedule N (used to detail

¹⁶ Some jurisdictions have additional oversight and reporting requirements. For instance, in Pennsylvania, the nonprofit must apply to the Orphans' Court for permission to distribute the nonprofit assets. In New York, a verified petition must be submitted to the courts with required supporting documents unless the nonprofit fails to meet certain financial thresholds. Nolo maintains a website with resources on nonprofit dissolution requirements in all fifty states, available at [nolo.com/legal-encyclopedia/50-state-guide-dissolving-501c3-nonprofit-corporation](https://www.nolo.com/legal-encyclopedia/50-state-guide-dissolving-501c3-nonprofit-corporation). Another vital resource is the website for your Attorney General. See footnote 14.

¹⁷ This will be Form 990-N, Form 990-EZ, or Form 990, depending on the organization's gross receipts and total assets in the final fiscal year. More detailed information is provided by the IRS at [irs.gov/charities-non-profits/termination-of-an-exempt-organization](https://www.irs.gov/charities-non-profits/termination-of-an-exempt-organization).

information about the organization's dissolution or merger).¹⁸ This notification process will close the organization's account with the IRS.¹⁹

Regarding the distribution of restricted assets, it may be that limitations on use or disposal of those assets will remain in effect unless judicial approval to deviate from those restrictions is granted.²⁰ For example, restrictions on endowment funds or donor restrictions on collection objects cannot be ignored or broken simply because the museum is closing. Additionally, under the museum's articles of incorporation or applicable state law, upon dissolution any remaining assets may be required to be distributed to one or more charitable organizations with a similar charitable purpose. In many states, the AG will review the proposed dissolution to ensure the organization is complying with this distribution restraint and that the organization's assets will continue to be used for the purpose stated in the organization's governing documents.²¹ This is another opportunity to apply the museum's conflict of interest policy, as adherence to that document should assist the museum staff and members of the governing authority in meeting legal and ethical

¹⁸ Information about Schedule N can be found at [irs.gov/forms-pubs/about-schedule-n-form-990](https://www.irs.gov/forms-pubs/about-schedule-n-form-990).

¹⁹ Your state AG may require certified copies of some or all of the IRS paperwork.

²⁰ Consulting and/or working with an accountant with nonprofit experience is also recommended.

²¹ This distribution requirement may be avoided if the organization's charitable purpose has become illegal, impossible, or impracticable. This depends on the state's relevant laws.

obligations and ensure the actions are conducted in a manner that upholds legal requirements and ethical best practices.

Ethical Issues

In addition to following applicable laws, the museum will need to be sure that it proceeds according to applicable ethical standards. A history museum's resources—its collections of objects, documents, and other records; built environments, cultural landscapes, historical viewsheds, archaeological sites, and other evidence of the past—are critical to understanding the past.²² As a result, they have immeasurable educational and cultural value. According to the AASLH Statement of Standards and Ethics, "In fulfillment of their public trust, association members must be responsible stewards, giving priority to the protection and management of the historical resources within their care and preserving the physical and intellectual integrity of these resources."²³ This duty to protect and preserve historical resources should inform the discussions surrounding the possible dissolution of a museum, as well as the actions taken once a decision is made.

²² *Statement of Standards and Ethics*, American Association for State and Local History, revised 2018: 1, download.aaslh.org/AASLH+Statement+of+Standards+and+Ethics+-+Revised+2018.pdf.

²³ *Ibid.*, 2.

AASLH's Statement of Standards and Ethics requires that historical resources not be treated as financial assets; therefore, it is preferable that they not be sold or seized to satisfy debt.²⁴ History organizations should explore ways that their collections and other resources can remain in the public domain, preferably in the care of other organizations that have the capacity to preserve and maintain the resources and use them for the benefit of the public. These resources might be donated or sold to another history organization. In some cases, they might be transferred to organizations that might use them for research or for educational programs. In all of these instances, the process of deaccessioning and disposal should be carefully documented, and the records of the transactions preserved.²⁵

Care should be taken in all transactions related to the closing of a museum to ensure that there are no conflicts of interest. Members of an organization's governing authority, history museum leadership and staff, and volunteers and their family members must not be seen to benefit from the museum's dissolution. Even during the process of dissolving, a history museum's conflict of interest policy (which should specify

²⁴ Ibid., 2. This view as well as the other ethical principles mentioned are also reflected in the American Alliance of Museums' *Code of Ethics for Museums* (aam-us.org/programs/ethics-standards-and-professional-practices/code-of-ethics-for-museums). Further guidance concerning the appropriate use of funds realized from the sale of deaccessioned objects may be found in AAM's white paper *Direct Care of Collections: Ethics, Guidelines and Recommendations* (.

²⁵ *Statement of Standards and Ethics*, 2.

whether employees, trustees, and/or volunteers may or may not acquire deaccessioned objects) continues to apply.

The ultimate responsibility for a history museum's assets rests with its governing authority, which is responsible for protecting the organization's good name as well as its resources.²⁶ Even when the governing authority can no longer ensure that the historical museum has the financial and human resources necessary to fulfill the organization's mission,²⁷ it must uphold professional ethical standards and be sure that the museum's community understands the responsibilities that holding historical resources entail, including the responsibility to preserve these resources for the benefit of the public.

What Happens to the Collection(s)?

When closing a history museum, the goal should be for the collection to continue to be used for the benefit of the public. Transferring ownership to another museum can ensure that proper standards of care will be maintained and that objects will continue to be available for exhibition and study. It may not be possible to find a single museum that can take on the entirety of the collection; consequently, the collection may need

²⁶ Ibid., 3.

²⁷ Ibid., 3.

to be divided among multiple organizations. To ensure smooth transfer of ownership, the following steps should be followed, in connection with the museum's Collections Management Policy:

The closing museum should have a complete deed of gift for every object leaving the collection.²⁸ If there is no deed of gift but the donor is known, that paperwork should be completed prior to transfer. The museum is under no obligation to notify donors of the transfer of ownership (and there are legal and tax consequences of returning objects to donors that may affect the donor and the museum), although they may wish to do so in an effort to assure donors of ongoing collections care. Objects on long-term loan or in temporary custody should be returned to the owner. If an object's origin is unknown, it may be considered undocumented or abandoned property and the museum will need to be able to provide evidence of how long it has been in their possession. In some cases, the museum may be able to establish title to the object prior to deaccessioning and disposal: laws on this vary by state.²⁹

²⁸ For more on this topic, see "A Guide to Deeds of Gift," *Society of American Archivists*, www2.archivists.org/publications/brochures/deeds-of-gift.

²⁹ For a summary of abandoned property laws by state, see "Museum Property Acts and Abandoned Loan Legislation," *Association of Registrars and Collections Specialists*, June 2018, arcsinfo.org/content/documents/arcsmuseumpropertyandoldloanlegislationjune2018.pdf.

If the closing museum needs assistance in locating museums that may be interested in acquiring their collection, local members of the AASLH Field Services Alliance³⁰ and their state museum association³¹ may have suggestions about how to proceed. Museums, universities, libraries, and other organizations that maintain study collections should be considered. Affinity groups related to the museum's collections or online groups and message boards may also be helpful.

Museums that agree to accession objects from the dissolving museum's collection should go through their own standard acquisitions process and ensure that they have the resources and capacity to properly steward the objects coming into their collection. There will likely be costs associated with the transfer of ownership. Establishing how those costs will be covered should be part of the transfer agreement.

The deaccession and transfer process should be carefully documented, and all physical and digital information pertaining to an object should accompany it to the new organization. This can be a labor-intensive process and may require assigning or hiring staff to specifically focus on object records and deaccession and disposal documentation. The closing museum should also find a home for its organizational archives.

³⁰ For more on the Field Services Alliance, visit aaslh.org.

³¹ For a list of museum associations by state, see "State Museum Associations," *Coalition of State Museum Associations*, statemuseumassociations.org/directory.

You may want to reach out to your local or county repository for suggestions, or to other archival societies and professional organizations in your state or region for help.

There will likely be some objects in the collection that either do not meet current standards of museum quality, or for which there is not a viable recipient organization, possibly including education or study collections. The museum will need to deaccession those items as well and select an appropriate disposal option in accordance with its Collection Management Policy. Any income realized from the disposal of collections objects may be used for the direct care of other objects that are being transferred to another organization. They may be sold or disposed of, although they may not be sold as a means of generating operational income or paying off debts.³² Records related to any objects that are ultimately sold should be maintained in an appropriate public repository. The museum may wish to work with an appraiser³³ or dealer to arrange an auction of higher-value items, then organize a public sale of items of less monetary or cultural value. Museum equipment, furniture, and office supplies could also be included in such a public sale. Finally, any objects or materials that remain will need to be donated or

³² See AASLH's *Valuing History Collections* position paper (May 2020) at download.aaslh.org/AASLH+Valuing+History+Collections+Position+Paper+May+2020.pdf, as well as AAM's "Questions and Answers About Selling Objects from the Collection," aam-us.org/programs/ethics-standards-and-professional-practices/questions-and-answers-about-selling-objects-from-the-collection.

³³ See "Find an Appraiser," *American Society of Appraisers*, appraisers.org/find-an-appraiser.

disposed of. In determining the best method for disposing of the museum's assets, members of the governing authority must be mindful of their fiduciary duties to the museum.

What Happens to the Building(s)?

Closing museums also face the challenge of determining what to do with the museum building, particularly if it is historic. It is important to determine whether the building is part of the museum collection and, if so, to understand the terms of the deed of gift. There may be a legal requirement set forth in the deed to offer the building to a specified organization before it can be sold to the public. The closing museum should also consider if the building needs significant repairs and if there are components of the building (fixtures, mantles, etc.) that are separately accessioned objects in the museum's collection. If the museum is not dissolving their nonprofit status, they may wish to consider whether they have the capacity to utilize the building as a source of revenue. Options for the museum building include:

Establish an easement for historic structures. An easement will protect the exterior and interior historical integrity of a building forever. A preservation easement is a legal agreement that will ensure the historic and architectural qualities of a property will not be destroyed and is

binding on all future owners.³⁴ It will prohibit demolition of the building, can prohibit new building on the lot, and requires that the property be properly maintained. Future owners must consult with the easement-holder about changes to the interior and exterior. There are also potential tax benefits for the owner of a property with a preservation easement.³⁵ On the other hand, imposing easements may diminish the property's value or deter a sale.

Even if the building is located in a preservation district, an easement is a stronger preservation tool as it is permanent, while zoning ordinances can change in the future. An easement-holder will need to be established, and those options vary by state; the State Historic Preservation Office (SHPO) can provide guidance.³⁶ There are associated costs which will need to be considered.

Repurpose the building. Depending on the type of structure and its condition, there may be opportunities to repurpose the building and utilize it as a source of income by renting it for events, office space, or

³⁴ See "Preservation Easements," *National Trust for Historic Preservation*, forum.savingplaces.org/learn/fundamentals/preservation-law/easements. The museum should verify the ownership status of the building prior to beginning this process and determine whether any easements or covenants already exist.

³⁵ See "Easements to Protect Historic Properties: A Useful Historic Preservation Tool with Potential Tax Benefits," *National Park Service*, 2010, nps.gov/tps/tax-incentives/taxdocs/easements-historic-properties.pdf.

³⁶ See "State Historic Preservation Offices," *National Park Service*, March 5, 2019, nps.gov/subjects/nationalregister/state-historic-preservation-offices.htm.

residential tenants. These options may be particularly attractive if the museum is not fully dissolving, but the museum leadership should carefully consider the time and resources that will be needed for such repurposing.

Donate and move the building. There may be situations where the best option for the building is to move it to another site, where it will become part of the collection of another museum or organization. Many of the same considerations for transfer of collections objects (see “What Happens to the Collection(s)?” above) will apply. The feasibility, risk, and cost of moving an historic structure should also be carefully considered, and the museum should work with a company experienced in the relocation of historic structures.

Sell the building. Once any legal requirements regarding the restrictions of sale, use, and modification have been fulfilled, the museum should work with an experienced realtor to determine a plan for how the sale will be marketed and how offers will be entertained; they may wish to ask potential buyers to submit a letter along with their offer and should be prudent in avoiding any conflicts of interest. The museum should also be forthcoming with potential buyers about their capacity to mitigate any costs related to necessary building repairs. Money from the sale can be used to reimburse expenses associated with the sale, and plans should be made for how any remaining funds will be allocated, such as going

towards caring for the collection, programming, and/or to an easement defense fund.

Demolish the building. While demolition is generally a last resort, if the conditions of the building are beyond repair and there are no financial resources available for necessary repairs, destruction may need to be considered in the interest of public safety. The museum should consult with local government and any preservation easement holders to ensure that all regulations are followed and to obtain the necessary permits. Building interiors and exteriors should be photographed for archival records. As there may be elements of the structure that can be sold or donated as architectural salvage, a clear agreement about the treatment of those elements should be made with the demolition contractor prior to the start of work.

Conclusion

We hope that this resource has offered a helpful place to start as you consider the options for your museum. You do not have to go it alone. In addition to regional, state, and national museum organizations that can assist with identifying resources, you can also consult with a nonprofit attorney and nonprofit accountant. Determining the future for a history museum can be difficult, depressing, and stressful, but it can also be the

beginning of a new chapter for a community. Carefully considering the organization's mission and the community's needs can ultimately lead to a rewarding solution for all involved.

AASLH thanks the following representatives from the Standards and Ethics Committee, Field Services Alliance, and Small Museums Affinity Community for researching and drafting this position paper:

Aimee E. Newell, Stonington Historical Society, chair

Monta Lee Dakin, Executive Director (retired), Mountain-Plains Museums Association/Partner,

Friesen-Dakin Museum Consulting

Emily Hermans, Texas Historical Commission

Jennifer Huebscher, Curator of Photography & Moving Images,
Minnesota Historical Society

Heather Hope Kuruvilla, Kutztown University of Pennsylvania

Sally Yerkovich, American-Scandinavian Foundation and Columbia
University

This position paper was adopted by the AASLH Council in January 2021. It replaces the 2006 position paper "When a History Museum Closes."

--

About the American Association for State and Local History

The American Association for State and Local History (AASLH) is a national association that provides leadership and support for its members who preserve and interpret state and local history to make the past more meaningful. Visit aaslh.org for more information about membership, professional development, the association's resource center, and other programs and services.