

(Nonprofit organizations) June 27, 1980, published in 45 FR 46022 (July 8, 1980)).

(b) No costs shall be allowed for the purchase of any object to be included in the collection of a museum, except library, literary, or archival material specifically required for a designated activity under a grant under the Act.

§ 1180.11 Basic requirements which a museum must meet to be considered for funding.

(a) *Application.* To apply for a grant, a museum must submit the designated application form containing the information requested in the form. Failure to submit the information required by the application at the time of filing can subject an applicant to rejection of the application without consideration on its merits.

(b) *IRS letter.* A museum applying as a private, nonprofit institution must submit a copy of the letter from the Internal Revenue Service indicating the applicant's eligibility for nonprofit status under the applicable provision of the Internal Revenue Code of 1954, as amended.

(c) *Financial statements.* (1) Each applicant museum must submit, with its application at the time of filing, its financial statements for the two fiscal years immediately preceding the fiscal year for which application is made or, if not available, for the second and third immediately preceding years. Each financial statement must include a statement of financial operations and if applicable, a balance sheet. Examples of a financial statement and a balance sheet may be found in the Museum Accounting Guidelines of the Association of Science-Technology Centers (1976) or in the Museum Accounting Handbook of the American Association of Museums (1978).

(2)(i) Every applicant which has previously received an IMLS award must submit its audited financial statement for the last fiscal year immediately preceding the fiscal year in which application is made or the immediately preceding fiscal year, prepared by an individual or organization meeting the qualifications of the Comptroller General of the United States for individuals or organizations conducting Government audits. Reference is made to

GAO, *Standards for Audit of Governmental Organizations, Programs and Functions* (1981 revision).

(ii) In the case of a museum which does not use cash basis accounting, the individual or organization performing the audit must offer an opinion that the financial statement of the museum presents fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles. In the case of a museum which uses cash basis accounting, the individual or organization performing the audit must offer an opinion that the statement presents fairly (A) revenues collected and expenditures made and (B), where a balance sheet is involved, the assets, liabilities, and fund balances of the museum arising from cash transactions.

(3) If a museum is part of an organization such as a university, State or municipality and does not receive audits separate from those of the organization of which it is a part, it may submit its financial statement as drawn from and containing only audited figures of the organization of which the museum is a part. This financial statement, so prepared, must present fairly the financial position and the results of financial operations of the museum, and must clearly indicate that it has been so prepared and the Director *may*, upon written request filed at the time of the application, waive the requirement of a separate audit and proceed to process the application on its merits. Where the organization is not audited on an annual basis, the financial statement may be drawn from the most recent audited figures of the organization.

(4) The Director is authorized to defer the audit requirement set forth in paragraph (c)(2) of this section in the case of a museum with non-federal operating income of \$250,000 or less, exclusive of the value of non-cash contributions (in the fiscal period preceding the fiscal period for which the deferral is requested) if the Director finds that circumstances justify a deferral and that the grant of the deferral will not be inequitable to other applicants. A deferral may be granted only upon those conditions and in light of those assurances which the Director

§ 1180.12

45 CFR Ch. XI (10–1–03 Edition)

deems appropriate in order to ensure that the purposes of this paragraph are achieved. If the museum receives an award, the museum must submit audited financial statements no later than the end of the grant period for which the deferral is requested.

(d) *Long-range plans.* Each applicant museum must include long-range plans for program and financial development.

(Museum Services Act, sec. 206, as amended, 20 U.S.C. 965)

(Approved by the Office of Management and Budget under control number 3137-0015)

[48 FR 27728, June 17, 1983, as amended at 49 FR 14110, Apr. 10, 1984; 50 FR 27588, July 5, 1985; 51 FR 43354, Dec. 2, 1986; 55 FR 10461, Mar. 21, 1990; 59 FR 55593, Nov. 8, 1994]

§ 1180.12 How applications are judged.

(a) To select grantees and determine the amount of their awards. IMLS rates competitive applications under the applicable criteria stated in § 1180.13. Normally, these applications are first evaluated by field reviewers, panels of experts, or both. Final determinations as to the award of grants are made by the Director after review by the Board.

(b) To achieve diversity in the distribution of assistance, the Institute may consider the location, size and discipline of the applicant in addition to the criteria in § 1180.13.

[50 FR 27588, July 5, 1985]

§ 1180.13 Criteria for evaluation of applications for General Operating Support.

The following criteria apply to the evaluation of all applications for General Operating Support. In applying these criteria, the total operation of the applicant museum is assessed, including the museum's operation as it would be if the General Operating Support is granted. This assessment is based primarily on the information supplied in the museum's application.

(a) *Museum services.* Are the applicant's museum services of high quality? IMLS considers factors such as:

(1) The quality of the museum's educational and interpretive services and their relevance to the collections and audience including the special constituencies which the museum serves;

(2) The quality of the museum's physical facilities and the manner in which space is allocated to various museum activities; and

(3) The qualifications of the professional staff (both full-time and part-time; paid and volunteer) and the quality of the opportunities for professional staff development and in-service training afforded by the museum.

(b) *Collections and exhibits.* Are the museum's collections and exhibits of high quality and significance? IMLS takes into account such factors as:

(1) The intrinsic value of the collections and exhibits;

(2) The significance of the museum's collections to the community; and

(3) The quality of the care and conservation of the collections; the quality of exhibit designs.

(c) *Accessibility.* How accessible to the general public are the museum's services, collections and exhibits? IMLS considers such factors as:

(1) The percentage of the museum's collections on view to the general public on a regular basis; the extent of the museum's regular program for outreach, loans, and other means of exhibiting its collections to the public;

(2) The annual schedule of open hours for the museum; and

(3) The appropriateness of this schedule to the museum's audience.

(d) *Population served.* To what extent does the museum serve a general public which otherwise would have limited access to the type of museum services which it provides or to museum services of any type? To what extent does the public seek access to the museum's services? IMLS considers such factors as:

(1) The characteristics of the audience and the community which the museum serves;

(2) The availability of other museums (or types of museums) which serve this audience and this community; and

(3) The museum's annual attendance by calendar quarters.

(e) *Financial Management.* What is the quality of the financial management of the museum? In how many of the last five years has the museum shown an excess of revenues over expenditures? IMLS considers such factors as: