Certified General Accountants Association of Canada

Ready for Year 2000 — A Guide for Not-for-Profit Organizations

Canada

Industry Canada Industrie Canada

DISCLAIMER

This booklet is not intended to provide a comprehensive analysis of Year 2000 issues. Nor does it claim to provide specific guidance on implementation or problem resolution. No two organizations are alike, and the Year 2000 problems each faces will, in all likelihood, be dramatically different. Therefore, this publication is intended to offer only general guidance, which may or may not apply to the specific situation encountered by a reader.

While great care has been taken to ensure the accuracy of the information in this booklet, no guarantee of any kind is offered by the publication, its authors or its publishers. If readers require assurance that a particular business or organization will be ready for the Year 2000, they are advised to engage the services of an experienced and reputable Year 2000 remediation consultant.

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NOTE TO READERS

This practical Year 2000 guide for the not-for-profit sector has been made possible by the Certified General Accountants Association of Canada (CGA-Canada) in partnership with Industry Canada. We hope that this tool will assist your efforts to develop and implement an action plan that addresses your Year 2000 remediation needs.

For a diagnostic assessment of your computer hardware, software and operating systems, contact the Industry Canada Year 2000 First Step help desk at 1-888-807-7777 or visit the Student Connection Program Web site at **http://www.scp-ebb.com** for information about the Year 2000 First Step program.

For information on other Year 2000 government programs and initiatives, please call 1 800 O-Canada (1 800 622-6232) (TTY/TDD: 1 800 465-7735) or visit the Task Force Year 2000 Secretariat Internet site at **http://strategis.ic.gc.ca/sos2000**

This guide is also published electronically on CGA-Canada's Web site at **http://www.cga-canada.org**

Introduction

The not-for-profit sector has enjoyed a long, illustrious history in Canada. It has often been called upon to meet arduous challenges faced by citizens in a sparsely populated country that stretches more than 5000 kilometres from coast to coast.

In contrast to private corporations, which are mandated to accumulate profit and retained earnings for shareholders, not-for-profit organizations are established with the express purpose of serving the public by providing social services, education, health care or other benefits. (See **Appendix A** for a brief description of Canada's not-for-profit sector.)

Because of the vital role they play in the social and economic fabric of Canada, it is very important that not-for-profit organizations be prepared for the Year 2000.

Even so, the not-for-profit sector is a significant contributor to Canada's gross domestic product in its own right. A 1998 report, published by Canada's Voluntary Sector Roundtable — mandated to speak for Canada's not-for-profit sector and chaired by Ed Broadbent — stated that not-for-profits accounted for more than 1.3 million jobs nationwide and generated annual revenues of $90 billion. According to the report, this economic performance was "comparable in size to the entire economy of British Columbia."

Because of the vital role they play in the social and economic fabric of Canada, it is very important that not-for-profit organizations be prepared for the Year 2000, otherwise known as the millennium bug or Y2K.

After reading this booklet, personnel at most not-for-profits will conclude that the millennium bug does indeed have the potential to pose significant problems to their enterprise. But many of these organizations — particularly those providing services that are in great, and growing,

demand — face acute challenges in planning for Y2K because of their limited resources.

This booklet can help not-for-profits that have not yet planned for Y2K to take measures to ensure they are protected. Help beyond this booklet can be found in **Appendix B**, which contains a list of Internet resources with the most current material and expert advice available on the Year 2000. The resources listed, in turn, provide connections to thousands of other excellent Web sites that provide answers to Year 2000 concerns.

Understanding the Year 2000 Issue

By now, most people are aware of the general nature of the Year 2000 issue, including how it arose and its general effect on computers.

However, surveys indicate that a large segment of the world's population still does not understand the impact of the millennium bug beyond its effects on computers. Many still do not realize that the business, economic and social effects of the bug may far outweigh the technical glitches.

BUSINESS NATURE OF THE YEAR 2000 CHALLENGE

The scope of the Y2K problem is not limited to our own personal computers.

True, when people think about the millennium bug, they are likely to focus their attention on their own computers. And for those individuals whose daily use of computers is limited, the Y2K challenge may seem minimal. But the scope of the Y2K problem is not limited to our own personal computers. In reality, the world is interconnected by hundreds of millions of computers and billions of embedded microchips in everything from telephones to airplanes. And all of these are susceptible to Y2K failures that could have an impact on anyone's daily life.

People working in not-for-profit organizations must, like individuals working in private enterprises, consider the impact of Y2K not just on their computers, but on *all business aspects of their operation.* If the business interdependencies that support your organization, including suppliers, services, systems and funding sources, are at risk, your ability to continue functioning may also be placed in jeopardy. A broken phone system or a 20 percent drop in donations could, for instance, prove just as devastating as a computer glitch, strangling your organization's ability to provide its usual services.

Conversely, your organization's state of preparedness might affect others.

The extent of the Year 2000 problem is fueled by the global economy and international trade. While globalization is healthy for economies worldwide, there is a potential downside: Y2K problems that a foreign country encounters could have an impact on any of its trading partners, even the well prepared ones. For example, if a Canadian organization is depending on a single critical supplier on the other side of the world, and that supplier does not prepare for Y2K, the Canadian company's own operations could be severely impacted in the days and months following December 31, 1999.

THE MYTH OF THE SINGLE DATE

The reality is that difficulties will arise the moment any computer system cannot correctly interpret the two-digit date "00."

There is another common, but incorrect, assumption about Y2K: many people believe that problems will occur only when the clocks change from December 31, 1999, to January 1, 2000. But the reality is that difficulties will arise the moment any computer system cannot correctly interpret the two-digit date "00." A vast number of problems are already being experienced today as systems begin to roll over into millennium dates. Imagine the difficulties, for example, for a not-for-profit organization whose computerized donation system cannot accept credit cards with expiry dates in the year 2000. Large enterprises, such as banks and car manufacturers, began to encounter such problems five, 10 and even 25 years ago.

Another common misconception is that if problems don't occur on January 1, 2000, no further attention need be paid to Y2K. For many organizations, however, there will be a ripple effect in the "business food chain" that may take months to reach them — but it will, eventually.

Consider the hypothetical case of a not-for-profit organization that orders T-shirts for a fund-raiser to be held

in April 2000 from a clothing company in the Far East. Suppose there are shipping problems due to the Year 2000 issue and the clothing company receives its raw imported cotton four weeks late from its regional supplier. Then, Y2K-related power and utility problems could affect the operations of the mill that makes the cloth. This might add another six weeks to production. Meanwhile, the manufacturer could encounter cash flow problems if a major customer in another country has cash flow problems of its own as a result of Year 2000 complications, and can't pay its bill. This could easily add on another month in delays.

Then, suppose when the T-shirts finally arrive in North America, they get stored at a warehouse that has not yet upgraded its inventory software to be Y2K compliant. The entire shipment may be temporarily "lost," which could delay everything for another 30 days. The T-shirts could then arrive too late for the fund-raising event. The not-for-profit organization may then have to purchase new T-shirts at double the cost, diminishing the total sum of funds raised. This domino effect could have a huge organizational impact, one that may only arrive on the organization's doorstep in the middle of next year.

The bottom line here is that not-for-profits should not wait until the last minute to start Y2K preparations. Organizations should prepare for disruptions now and throughout 2000, and plan accordingly.

NO SILVER BULLET SOLUTION

Not-for-profit organizations must realize that there is no miracle cure for the Y2K challenge. How could there possibly be a single "silver bullet" solution to solve the problems encountered by every size of computer, every sort of operating system, every application and every microchip?

Rather than wait for a magical fix that will never come, not-for-profit managers must start addressing their organization's unique Y2K situation immediately. It is also important to realize that the deadline is fast approaching, meaning that there is much to do with very little time left. So, organizations should not waste their energy reinventing the wheel. For some organizations, it may be beneficial to get together in groups. Not-for-profits can, for instance, align themselves with the general community, a specific industry, professional association or other partners to exchange information, issue joint communications and perhaps even share staffing resources.

Special Year 2000 Issues Facing Not-for-Profits

Although many of the Y2K issues facing not-for-profits are similar to those experienced by organizations in the private sector, the not-for-profit sector will also face some unique situations.

SPECIALIZED SYSTEMS

When personal computers first started coming into general use about 10 years ago, many companies, particularly not-for-profits, recognized this would afford them the opportunity to do more work at a lower cost.

The problem, however, was that the standard programs available then were rarely tailored to the needs of not-for-profits. Early, off-the-shelf software packages were geared almost exclusively to the traditionally larger (in terms of both human and financial resources) private sector firms.

Software that met the needs of not-for-profits, such as membership and fund-raising lists and direct-mail databases, could not initially be found on the market, at least not with the flexibility required by individual societies. It was eventually discovered that custom-written applications — with the help of hours of donated programming time — could be developed to respond to an organization's specific needs.

Hundreds of such programs, designed using database programs like dBase as a foundation, were written. And, since these packages have worked well for many years, many not-for-profits with older versions have not bothered upgrading them. As a result, these systems may not be Y2K compliant.

Upgrading can be a very difficult task. For instance, while dBase III, which is not Y2K ready, can be upgraded

to dBase V, which is compliant, the custom-written code incorporated in the original database software cannot be simply upgraded. Instead, it must be completely rewritten. But finding an experienced programmer at this point to replace an old, custom-written system may be nearly impossible; it is unlikely that any professional programmer would have the time to perform this work in late 1999.

Worse still, not-for-profits may not be able to rewrite the original coding without the express permission of the original programmer (who may be long gone). Even organizations that have the right to alter programming are unlikely to accomplish the task in time if they have not begun by now.

The job of upgrading systems can also be quite expensive. One Ottawa-based not-for-profit group was recently quoted a fee of $45,000 to change and update its database. The group concluded that the proposed solution was more suitable for a much larger organization and opted instead to purchase a less expensive package. Even so, it still cost almost $10,000 to become Y2K ready — money that was not set aside in the year's budget.

There is, however, another option. Proficient, Y2K-compliant off-the-shelf software packages can be bought and installed now for a reasonable price. So the Year 2000 may present the opportunity for organizations to purchase a modern, top-of-the-line system, with all of the bells and whistles missing from their older versions.

Action Plan

Check your software programs immediately. If your present package won't work beyond December 31, 1999, look for alternatives right away. Even an off-the-shelf package will take time and effort to install. If you delay until January 1, 2000, you may face a long wait for software and hardware at a time when there is a limited supply of computer equipment available.

MUNICIPAL FUNDING

Many not-for-profits obtain their revenue from municipal governments, rather than from donations and fund-raising. Libraries, for instance, usually depend on the local municipality and receive a cheque from city or township coffers that originates from the local community's business tax base.

Nobody is immune to the potential effects of the Year 2000.

Unless all the companies in a community survive the challenges associated with Y2K unscathed, that tax revenue will likely decrease. A drop in the municipality's total income could then lead to a reduction in allocations to libraries and other dependent organizations.

Nobody is immune to the potential effects of the Year 2000.

Action Plan

Don't wait passively and assume that your local government is properly preparing for Y2K. More and more surveys show that some government bodies are falling far behind in their Y2K remediation exercises. Even those that are working hard on the problem are likely focussed primarily on their own internal systems, not the local business base, where much of the risk for not-for-profits lies.

You should, therefore, assume a leadership role and inform local companies about the dangers of waiting for Y2K problems to strike before taking any action. Let them know that inaction may place their business's future on the line. Gathering information about the challenges they face is the first step. There are resources available, including government funding in some cases, to assist with this process.

Above all, don't accept pat reassurances from *anyone* about how everything will be fine. It's better to be prepared to handle a false alarm than do nothing and discover you're facing a calamity.

REDUCED FUNDING SOURCES

Many Y2K experts predict a significant number of business failures — perhaps as high as 10 percent. And these failures may be caused not only by poor preparation by an organization or by its suppliers, but also by the lack of preparation by an organization's customers. Yet, when representatives from small and medium-sized enterprises are asked if they've talked to their customers about the Year 2000 issue, the answer is almost invariably "No."

Why? Perhaps there is a certain amount of embarrassment associated with raising the subject. Business owners may be reluctant to talk to customers about Y2K because they don't feel they have the same leverage with customers as they do with suppliers, whom they can often replace. Whatever the reason, ignoring customer preparedness constitutes a significant business risk that is more likely to exacerbate the problem than make it disappear.

Many Y2K experts predict a significant number of business failures.

Not-for-profits that rely on funding sources such as donations face the same dilemma. If a number of corporate partners run into financial difficulty, the first thing they are likely to cut will be discretionary expenses, which unfortunately often include donations. So it makes sense to take proactive measures to limit this potential drop in donations.

That's what officials at the Canadian Olympic Association (COA) have done. Approximately 20 of the association's 27 key marketing partners also act as sponsors, providing the association with about 70 percent of its annual funding. In late 1998, the COA sent out survey letters to critical sponsors and partners to ensure that they were taking steps to become Y2K compliant by the end of 1999, says Lisa Beatty, team captain of COA's corporate services in Toronto.

Action Plan

Approach your donors as partners. Tell them about all the steps you are taking to deal with the millennium bug. Ask what they are doing and whether any part of their plans might be applicable to you. If they are actively pursuing Y2K readiness on their own, they will be pleased to see that you are also aware of the challenge and following your own action plan. If they are not already aware of the issue, the fact that your organization brought the Year 2000 to the attention of their management is likely to make the relationship that much stronger.

BOARD RISKS

Many not-for-profit organizations are run by a volunteer board of directors made up of people who have a passionate belief in the organization's cause and who provide their time and advice at the highest level. But they, like their counterparts at for-profit enterprises, also face potential legal risks from the effects of Y2K. For instance, should the organization flounder and not be able to meet payroll and/or layoff/severance payments as a result of Y2K inaction, the directors might find themselves personally liable for any shortfall.

Action Plan

If you serve on the board of directors of a non-for-profit organization, you can protect yourself by actively promoting and executing a Y2K plan. You don't have to be able to predict everything that could go wrong and fix it all ahead of time. If called upon, however, you must be prepared to show you were aware of the issue and kept yourself actively informed about the progress your organization was making. It is important to document that you made the best decisions possible given the information available when the board approved the organization's Y2K actions.

CHURCHES AND COMMUNITY SUPPORT ORGANIZATIONS

Although no one can predict with any certainty what will happen as a result of the millennium bug, many churches and community organizations are concerned about the lack of contingency planning by their local municipality. Many local governments don't want to admit their systems are not ready to address the Year 2000 challenge. Some are concentrating strictly on their own operations and are ignoring the overall detrimental effect local business failures could have on their revenue stream. Others are accepting the reassurances of large utilities, large companies and higher levels of government that Y2K will be a "non-event," at least in North America.

To put the need for contingency planning in full public view, some concerned churches and community organizations are taking an active role in stimulating discussion as to where communal risks might lie and how to deal with possible service disruptions. They are also taking the lead in developing these contingency plans.

Action Plan

If you decide to encourage your community to take action, make sure you do so from a solid base of information applicable to your area. Conditions and priorities will vary depending on geography and demographics. A city that features a proportionately large number of senior citizens may be most concerned about how Y2K will affect health-care services and ease of transportation. Concern about power and utilities may take precedence in another city. And, in remote communities, the availability of fresh food might be of primary concern.

READINESS CHECKLIST: PREPARING FOR THE YEAR 2000			
✓	**Vulnerability Assessment**	**Yes**	**No**
1.	Do you have important operations that are computer dependent? *These could be either internal or outsourced, and include items such as accounting systems, inventory controls, fund-raising systems, member/client databases, telecommunications, transportation, security, etc.*		
2.	Are any important in-house or external computer applications run on mainframes or mini-computers?		
3.	Are any important in-house or external computer applications run on personal computers?		
4.	Do you have any customized PC applications?		
5.	Have you confirmed with vendors the Y2K compliance status of your software packages?		
6.	Is your organization dependent on any one supplier for a critical inventory component?		
7.	Does your organization have any suppliers who provide a significant percentage of inventory?		
8.	Does your organization have funders/customers/benefactors that account for a significant percentage of revenue?		
9.	Has your organization contacted suppliers, vendors, funders, customers or benefactors to determine their Y2K readiness status?		
10.	Are you constantly monitoring the Y2K readiness status of your suppliers, vendors and funders?		
11.	If there were a Y2K-caused interruption in suppliers or other means of support for operations, does your organization have readily available alternatives?		

Developing a Year 2000 Plan

Of course, it's easy to talk about being adequately prepared for Y2K, but it's another thing to actually develop and execute a Year 2000 plan.

The potential complications associated with the millennium bug reach further than a series of computer glitches, so simply fixing hardware and software won't do the trick. The challenge is to ensure that all aspects of Y2K's impact on the organization, from business and economic to social ramifications, are addressed in a methodical, organized way. This will require a formal, written plan of action, which can be physically tested.

BUDGET

With a project of this magnitude, there is enormous potential to underestimate costs.

One of the first considerations in creating a Year 2000 plan is funding. How are not-for-profit organizations going to pay for the cost of compliance checking and, if necessary, subsequent remediation? Unfortunately, it may not be possible to determine the cost of fixing systems until after they have been tested and the organization decides whether repair, replacement or some other solution is called for.

With a project of this magnitude, there is enormous potential to underestimate costs. Capers Jones, chairman of Software Productivity Research, a British software research firm, stated during a recent discussion in *Computerworld* that, in his 20 years of experience dealing with large software projects, about 70 percent of firms tend to be "extremely optimistic" in their cost projections, while a quarter tend to be within 10 percent, plus or minus, of the actual cost and only 5 percent err on the conservative side and project costs 10 percent higher than actually incurred.

Another potential problem with Y2K costs is that they could grow as time gets short and the demand for Y2K resources and consultants rapidly increases.

There are, however, potential savings still available. Circuit boards to make even old hardware — 286s for example — Year 2000 compliant can be purchased for less than $100. And, as indicated at the beginning of this booklet in the Note to Readers, college and university students are available, under the Industry Canada Student Connection Year 2000 First Step program, to do a diagnostic assessment of your computer hardware, software and operating systems.

READINESS CHECKLIST: PREPARING FOR THE YEAR 2000

✓	Budget/Resources	Yes	No
1.	Has a Y2K budget been established?		
2.	Does your organization have adequate financial resources to fund Y2K compliance testing and, if necessary, remediation?		
3.	Does your organization have adequate management and technology personnel resources and expertise (internal or external) to become Y2K compliant by December 31, 1999?		
4.	Has your organization made an action plan to acquire any excess resources needed to complete the job?		

NEED FOR TOP-LEVEL SUPPORT

Y2K is a unique challenge with an exacting deadline. It should not be tacked on to a long list of optional projects your organization intends to get around to one day. In order for Y2K planning to proceed without delay, it is important to get the solid support of the organization's senior management, including both the executive director and board of directors, if your organization is structured in that manner.

Top-level management must understand there are considerable risks, both to the group and to individual directors, if Y2K projects aren't carried out in an efficient, comprehensive manner. If your organization's leaders don't emphasize the importance of Y2K, individual staff members and volunteers aren't likely to take the issue seriously either.

MANAGEMENT AND STAFFING

The Year 2000 issue is serious enough to warrant a special, focussed management effort.

The Year 2000 issue is serious enough to warrant a special, focussed management effort. A single person who has the authority to take problems directly to the executive director or board should be placed in charge of the plan. Ideally, this should become his or her sole function for as long as it takes to ensure the not-for-profit organization is completely Year 2000 compliant. Simply adding Y2K responsibilities to the job of someone who already has too much to do probably means the task won't get done in time. The welfare of the organization is too important to risk.

Although one person should take the lead, he or she should not operate in a vacuum. Since Y2K potentially affects all business operations of an organization, it makes sense to get representatives from all areas involved. Each will have a unique perspective to offer. For instance, a technical person might not understand the Y2K impact on fund-raising but may be aware of the range of options for fixing the computer systems.

Getting everyone involved not only means sharing the workload, but also goes a long way toward ensuring possible mishaps are detected and avoided before they occur.

INSURANCE

Because organizations in both the not-for-profit and private sectors face potential Y2K legal ramifications, it behooves everyone to weigh the risks and ensure they have adequate insurance coverage. In order to protect the organization, its employees and board of directors against related potential mishaps, existing insurance policies should be carefully examined to determine what, if any, Year 2000 coverage currently exists. Many policies do not specifically cover the Year 2000, so now may be a good time to update them. It never hurts to be prepared.

PRIORITIES

With the new year only months away, organizations may not have time to fix everything. So, they must ensure they fix the most important things first. Developing a written plan at this point is important, because it lets everyone understand what needs to be fixed, and which items are a priority.

Even for organizations that have begun compliance testing well in advance of the year 2000, prioritizing remains a wise strategy. Officials at the Calgary-based Canadian Cattlemen's Association, who began their Y2K work in mid-1998, diligently ensured that any system interdependent with other networks would receive first priority in their Y2K compliance checking.

As of mid-1999, the organization's officials anticipated that up to 20 percent of the Cattlemen's Association's systems might not be completely Y2K ready by December 31, 1999. But those are lower priority, "independent systems doing one particular job or another," whose failure would not bring down the association's operations or have a domino effect on other interconnected systems, says office manager Gina Grosenick.

TIMELINES

As mentioned earlier, many people are under the mistaken impression that Y2K is a one-day wonder that will strike at midnight on December 31, 1999. In reality, however, its negative effects are more far-reaching and could affect immediate plans as well as those in 2000 *and beyond.*

In your organization, the discussion about what gets tackled first may well depend on the amount of time a particular task takes. Fixing a computer system might, for instance, be a relatively straightforward activity that can be completed in a few weeks. But finding a replacement for a direct-mail house or food supplier, for example, or ensuring that all major donors are Y2K ready could take months.

It's also important to understand that because the Year 2000 issue is a global phenomenon, its impact won't be entirely eliminated until *everyone* becomes Y2K compliant. Therefore, any action plan may have to cover a longer period, requiring a not-for-profit organization to continue fixing what it considers the "less important" aspects of its business well into the year 2000.

STEPS TO TAKE

In developing a Year 2000 plan, there is a methodology that any business, including a not-for-profit, can follow to identify its greatest risks and then devise a strategy to deal with them.

The identified risks are likely to vary from organization to organization. For example, a national social agency with several computerized systems serving the general public will have a different set of problems than a film distributor whose business involves importing products from different countries. However, all organizations have one step in common: they should examine their respective processes to determine where they are at risk.

Inventory

Many organizations don't have an up-to-date, comprehensive list of all their assets, so this may be a great time to make one.

The first step to take is to make a list of everything that could be affected inside your organization. Start with the obvious: computer hardware and software. When inventorying your hardware, don't forget all the accessories, like laser printers, modems and routers. Even those old spares in the back should be accounted for. Many organizations don't have an up-to-date, comprehensive list of all their assets, so this may be a great time to make one.

In addition to computer equipment, remember to check all other office equipment, particularly phone and alarm systems, but also photocopiers, fax machines and any other items that could have embedded chips.

Next are office facilities, such as elevators, heating, ventilation, air conditioning, back-up power, cable, telephone lines and security systems. Unless you own your own premises, most of these will, of course, be the responsibility of your landlord. But if he or she doesn't do anything about them, you'll need to understand where you may be at risk.

For many organizations, suppliers present the greatest risk. Concentrate first on your critical suppliers and their products, especially ones that cannot easily be replaced. If such suppliers make no Y2K preparations and their systems fail, will this cause you problems? Also, pay special attention to overseas suppliers who may not be placing as much emphasis on Y2K preparations as their counterparts in North America. There could also be shipment delays if any intermediary transportation systems have problems.

The Co-operative Housing Federation of Canada, which is based in Ottawa and has additional offices in Toronto and Vancouver, spent much of early 1999 developing comprehensive lists of everything that could potentially affect them in the event of a Y2K failure. This ranged from their own hardware, software and electronic equipment to

suppliers, landlords and membership housing co-ops, says Y2K project co-ordinator Eliza Moore.

And don't forget about the users of your service, whom you might consider as your customers. At first glance, you may not be able to identify much of a risk, or you may not believe you have much influence with them. But it is worthwhile to at least talk with them and find out what, if anything, they're doing about the Year 2000. After all, if they have problems, who's going to support your service or product in early 2000?

Assessment

After making your list, evaluate which items on it could pose a problem to the organization and determine the degree of risk they represent. Don't assume that just because a process or system doesn't have an obvious date function, it won't affect any other aspect of your operation. This analysis will require a combination of technical knowledge, communication and common sense.

You'll have little recourse if you fail to get written assurances that products are Year 2000 ready.

If you use the Internet, you can do a search of the manufacturers of the equipment on your list. Most manufacturers' Web sites include the Y2K compliance status of their products. Verify with the manufacturers of the equipment on your list, your suppliers and customers that they are Y2K compliant, particularly since the issue of compliance could raise legal issues. If you write them a letter, make sure to document the reply you get. You can't afford to rely on a salesperson's verbal assurances about the reliability of a device only to have it malfunction on January 1, 2000. And you'll have little recourse if you fail to get written assurances that products are Year 2000 ready.

Project members at the Co-operative Housing Federation, for example, are seriously concerned about the lack of attention some suppliers have paid to the Y2K issue,

READINESS CHECKLIST: PREPARING FOR THE YEAR 2000			
✓	**Inventory of Systems**	**Yes**	**No**
1.	Has your organization completed an inventory of all its potentially affected computer software?		
2.	Has your organization completed an inventory of all its potentially affected computer hardware?		
3.	Has your organization completed an inventory of all its potentially affected computer peripheral equipment such as modems and printers?		
4.	Has your organization completed an inventory of all its potentially affected telecommunications equipment?		
5.	Has your organization completed an inventory of all its potentially affected office equipment other than computers?		
6.	Has your organization completed an inventory of all its potentially affected process control systems?		
7.	Has your organization completed an inventory of all its potentially affected transportation equipment?		
8.	Has your oganization completed an inventory of all its potentially affected service-delivery equipment?		
9.	Has your organization completed an inventory of all its potentially affected utilities, such as heating and hydro?		
10.	Has your organization completed an inventory of all its potentially affected security systems, such as alarms?		
11.	Has your organization assessed the risk and impact of failure for each inventoried item, including the importance to continuing operations, delivery of services and fund-raising?		
12.	Has your organization prioritized the testing and, if necessary, the conversion of the most critical systems?		
13.	Has work begun on the top priority items?		

"We've been through this whole process and are just about at the stage where we'll be making some decisions . . . regarding whether we actually need to change suppliers in some cases," says co-ordinator Eliza Moore.

READINESS CHECKLIST: PREPARING FOR THE YEAR 2000			
✓	**External Relationships**	**Yes**	**No**
1.	Has your organization done a Y2K risk assessment of its key vendors and suppliers?		
2.	Has your organization done a Y2K risk assessment of its key funders, customers and benefactors?		
3.	Has your organization requested written confirmation of Y2K compliance from its key vendors and suppliers?		
4.	Have their replies been properly documented?		

Implementation

Next, figure out your priorities and develop an action plan. Your choices will usually be to repair or replace non-compliant systems. Either of these options will cost money but, perhaps more importantly, they will cost time that you and your staff may need to divert from other activities.

Many not-for-profits will probably discover they don't have enough resources to implement a 100 percent fix in the time remaining before the end of the year. How much time, for instance, will it take to convince an overseas supplier that they have a problem, then be absolutely sure that they are completely remediated and prepared? That's a difficult

question that underlines the importance of organizations taking action right away so they can build in contingency plans for the areas where they find difficulties.

Staffing, for instance, may well be one of the biggest issues you need to address. It's not likely you will be able to handle Year 2000 planning and remediation on top of all of your regular operations. In other words, you will either need to rearrange job responsibilities or hire additional help. Technical help is getting hard to find now that so many organizations are tackling the Year 2000, and this will certainly continue to be a problem. But what organizations may need more than a technician is a project manager — someone who thoroughly understands the entire spectrum of business and related issues associated with Y2K.

Repair or Replace

Once not-for profits have identified which systems are at risk, they must decide what remediation actions to take — repair or replace. Sometimes there are few, if any, options.

Often the best, and sometimes the only, choice may be just to buy new equipment.

Repairing non-compliant systems can be accomplished in several ways. For example, you may be able to buy an off-the-shelf upgrade for software that your organization has not updated before. Or it may be possible to reprogram parts of a customized program written in the past. Hardware problems can sometimes be repaired by inserting a new circuit board. Even embedded chips may be temporarily repaired by setting back their internal clocks four or eight years.

Often the best, and sometimes the only, choice may be just to buy new equipment. If, for example, an organization's alarm or communications system is an ancient relic that can't be upgraded, it's best to replace it with a new one. And purchasing new computers often costs far less than trying to upgrade old machines. They'll provide increased performance and, as a bonus, lots of new features.

Some organizations may also have to consider replacing a supplier. If, for instance, a single critical supplier is unable to convince you of their Y2K readiness and you fear that their risk of failure could have a disastrous effect on both their and your operations, replacement may be your only option.

READINESS CHECKLIST: PREPARING FOR THE YEAR 2000

✓	Readiness Planning	Yes	No
1.	Has your organization completed a comprehensive, formal written plan of action for Y2K compliance — one that can be physically tested?		
2.	Does the plan have the endorsement of your executive or top-level management?		
3.	Has your organization assigned overall responsibility for Y2K compliance to a single person with authority to take problems to senior management?		
4.	Do representatives from all areas of your organization have specific responsibilities for Y2K testing?		
5.	Is progress being reported regularly to senior management?		
6.	Is your organization on track in meeting its Y2K readiness schedule milestones?		
7.	If the target completion date has been revised, are additional resources required?		

Business Continuity Planning

With only a short time left in which to identify Y2K problems and make the necessary adjustments, many not-for-profits will simply not be able to fix everything that could cause disruptions, and must make other plans. To ensure an organization is able to keep operating in spite of disruptions, it needs to put in place business continuity planning. Such preparations — which also involve contingency planning — might draw away resources required to make systems Y2K compliant, but are essential when the time remaining before the end of the year is so short.

There are two main aspects of contingency planning: determining the most significant risks to the organization in the face of Y2K failures and deciding what to do should one or more of those scenarios occur.

RISK MANAGEMENT

Every not-for-profit organization has certain processes that are key to its ongoing operations. It may be the reselling of clothing or furniture, providing information to members, collecting and distributing food or raising money via direct-mail campaigns. Such procedures must be thoroughly evaluated to determine what long-term risks their cessation would cause.

Risks vary, of course, depending on the organization. For instance, the inability of a food bank to operate for even a single day could harm hundreds of people, but a one-month delay in the mailing of its newsletter might be acceptable.

It is, therefore, important for organizations to examine *all* their business functions and decide which pose the greatest risks to the ongoing operations of the organization.

CONTINGENCY PLANNING

In February and March 1999, Statistics Canada conducted a survey of Canada's state of preparedness for the Year 2000. The final results, published in June, revealed that 13 percent of businesses with six to 50 employees who were using critical technologies had not taken action to address the Year 2000 problem.

Similarly, in May 1999, the release of a Decima Research Inc. survey of businesses with five employees or fewer revealed that 31 percent of businesses that own or use various technologies had not taken any action. The most common reason for inaction cited among respondents of both surveys was their belief that the Year 2000 was either not an issue for them or they would not be affected by it. Some of these businesses planned to look at the issue later.

But the reality is that some sort of system failure come year 2000 is highly probable if not checked and repaired beforehand. Those businesses that have been testing for Y2K compliance have consistently discovered Y2K glitches that needed to be addressed. A recent survey by information technology and management consultant Cap Gemini America revealed that by mid-1999, 72 percent of large American companies surveyed had experienced a Year 2000-related failure.

The evidence is clear. All organizations, whether large or small, for-profit or not-for-profit, must be proactive, not reactive, in their contingency planning. And proactive planning for contingency — whether that plan is to return to manual systems, to outsource services, or to simply eliminate that process — demands time, money and human resources to be effective.

Manual Systems

Many firms have indicated that, if necessary, they would consider going back to manual methods in the event of a Y2K-related problem. Organizations whose contingency plans include manual systems must, however, carefully plan their requirements well ahead of time as such systems cannot be installed overnight. For example, if an organization determines that its contingency plan to overcome the failure of its main computer system to track donations is to return to a manual system, perhaps as much as a month may be needed to set up and test that alternative.

There are logistics involved, such as finding the right people, designing forms, obtaining desks and office space, as well as calculating paper flow. Keep in mind that the reason computers were introduced in the first place was to replace dozens of extra employees, desks, office space, paper-based forms and related controls.

Outsource

Not-for-profits that don't have the people or money to fix a system in time should consider outsourcing selected services such as their accounting, payroll, database management and delivery to a third party, on either a temporary or permanent basis. Removing such large repair or replacement projects from its agenda may free up sufficient resources to allow the not-for-profit to address other in-house systems that only it has the expertise to remediate properly.

Organizations that elect to pursue that strategy, however, must not forget to check that the third party is itself Y2K prepared!

Let it Break?

There's a third option when developing a contingency plan: let it break.

There's a third option when developing a contingency plan: let it break. You may find that you can function even if one of your systems is non-compliant. For example, you could simply set back the date on your fax machine so it doesn't hit January 1, 2000. Even though setting the clock back may stamp your fax printout with the wrong year, the fax machine would function, and the date may not be crucial to your operation. In a law office, it may be vital for fax machines to date all incoming and outgoing faxes correctly, but this may not really matter to many not-for-profits. If that's the case, it's better for the not-for-profits to save their energy and resources for more important projects.

READINESS CHECKLIST: PREPARING FOR THE YEAR 2000			
✓	**Testing and Logistics**	**Yes**	**No**
1.	Has a testing strategy been developed for your organization's Y2K modifications?		
2.	Does your organization have contingency plans to deal with critical systems failure, including possible service interruption?		
3.	Has your organization undertaken appropriate business continuity planning should it encounter Year 2000 difficulties?		

Conclusion

No one can afford complacency when it comes to Y2K. On the bright side, North America is considered to be a leader in preparing for potential Year 2000 disruptions and many experts believe the worst effects will likely be avoided on this continent. Don't let heightened expectations of immunity, however, give you a false sense of security.

Let's say that, while business failures in certain parts of the world total 5 percent, as some experts are predicting, North America only faces a failure rate of 2 percent. Sounds encouraging in comparison to the rest of the world, but the implications can still be quite severe.

Should 2 percent of all Canadian businesses fail, that would mean the loss of more than 40,000 firms nationwide.

According to Statistics Canada, there are now more than 2 million businesses in Canada, counting both companies with employees and self-employed entrepreneurs. Should 2 percent of all Canadian businesses fail, that would mean the loss of more than 40,000 firms nationwide. It would also mean at least 2 percent more unemployment and perhaps another 2 percent of families who cannot pay their bills.

When facing a potential crisis such as Y2K, it is always better to be prudent and prepare for an eventuality that never takes place than to assume no problems will emerge and then have to face a real disaster with no reserves. Individuals in charge of organizations are better off *knowing* they can operate at 60 or 70 percent capacity than *hoping* they will be able to run at 100 percent and ending up being wrong.

All not-for-profit organizations, no matter what degree of sophistication their operations entail, should, therefore, take the time to ensure they are Y2K ready.

The Canadian Hemophilia Society, headquartered in Montréal, stands as a good example. Even though their computer systems "are not very complex," they had the foresight to have a consultant evaluate everything in late 1998 to provide assurance that the organization was fully Y2K compliant, says executive director Daniel Lapointe.

Appendix A: Summary of Canadian Not-for-Profits

Listed below is a description of types of selected Canadian not-for-profit organizations, using the 12 international classification titles developed by the Johns Hopkins University (Baltimore) Institute for Policy Studies.

Culture and Recreation

Types:

- art galleries, museums, and other expressions of national culture, such as ballet, theatre and stage companies, symphony orchestras, singers, writers and poets;
- cultural groups;
- associations responsible for administering to Olympic and Special Olympic calibre athletes, as well as contemporary ethical issues such as drugs and violence in sport; and
- organizations representing special recreational interests of Canadians, such as sailing, camping, motorcycling and flying.

Examples:

- Heritage Foundation of Newfoundland and Labrador
- The Canadian Olympic Association
- Canadian Centre for Ethics in Sport

Education and Research

Types:

- educational institutions such as primary and secondary schools, registered universities and community colleges;
- vocational/technical schools and adult/continuing education;
- organizations devoted to ensuring that every Canadian has access to quality literacy; and
- research organizations devoted to government, social and economic issues.

Examples:

- Special Need Education Network
- Canadian Policy Research Network
- The Conference Board of Canada

Health

Types:

- hospitals under provincial jurisdiction as well as rehabilitation hospitals equipped to deal with special patient needs;
- regular nursing homes and hospices providing palliative care for victims of diseases, such as AIDS or terminal cancer;
- addiction treatment centres; and
- organizations dedicated to the research and treatment of diseases such as AIDS, Alzheimer's and cancer.

Examples:

- Addiction Research Foundation
- Alzheimer Society of Canada

Social Services

Types:

- services for vulnerable members of society, including children, the disabled and the elderly;
- organizations that provide shelters for the homeless; and
- organizations that provide emergency services, such as food banks, for victims of unemployment and poverty.

Examples:

- Big Brothers of Canada
- Council on Aging of Ottawa-Carleton

The Environment

Types:

- organizations dedicated to projects such as preservation of rainforests, fostering the development of alternative and renewable energy and protecting earth's biodiversity and ecosystems; and
- organizations responsible for protecting wildlife and preserving species facing extinction.

Examples:

- Canadian Nature Federation
- Canadian Wildlife Federation

Development and Housing

Types:

- not-for-profits devoted to economic, social and community development; and
- organizations dedicated to providing co-operative housing opportunities for low income Canadians.

Examples:

- The Canadian National Institute for the Blind
- The War Amps of Canada
- Co-operative Housing Federation of Canada

Law, Advocacy and Politics

Types:

- not-for-profit groups dedicated to protecting and promoting civil and other rights.

Examples:

- Ontario Coalition Against Poverty
- Canadian Community Reinvestment Coalition

Philanthropic Intermediaries and Voluntarism

Types:

- philanthropic and fund-raising organizations responsible for promoting charities and related activities.

Example:

- Canadian Centre for Philanthropy

International

Types:

- groups whose efforts are devoted to developing economic growth, human rights and political freedom within Third World countries.

Examples:

- Canadian Feed the Children
- Canadian Council for International Co-operation

Religion

Types:

- specific denominational groups and organizations that administer religious places of worship and/or provide community services.

Examples:

- Canadian Jewish Congress
- The Salvation Army
- Canadian Council of Muslim Women

Business and Professional Organizations, Unions

Types:

- professional and other groups that stand together for a common cause and are involved in activities such as promotion, regulation and safeguarding of business interests; and
- labour unions.

Examples:

- Canadian Bar Association
- Canadian Labour Congress

Other Groups Not Classified Elsewhere

Types:

- community-based special-interest groups dedicated to both national and international causes.

Example:

- The Kiwanis Club

Appendix B: Y2K Sources on the World Wide Web

A great deal of information about Y2K, including links to other sources, is available on the Internet. Here are 12 recommended sites (in alphabetical order) with a brief description of each.

http://www.cga-canada.org
National Web site for the Certified General Accountants Association of Canada (CGA-Canada). It provides excellent links to Y2K information through several on-line sources, including the CGA-Canada Resource Centre, *CGA Magazine* and the Small and Medium-sized Enterprise (SME) Centre for Excellence.

http://www.cga-manitoba.org
Provincial Web site for Manitoba-based CGA members. Contains an on-line link to a booklet recently produced by the provincial association entitled *Year 2000: A Readiness Workbook for Not-for-Profits.*

http://www.cnet.com
This Web site provides a variety of general Y2K information, including news about the latest developments, Y2K utility price guides and links to various government and private sector sources.

http://www.compinfo.co.uk/y2k.htm
Well-organized and documented site containing much information on the business and financial side of Y2K.

http://www.garynorth.com
One of the first Y2K sites established on the Web. Contains a large number of Y2K-related articles written over the past two years. Opinionated viewpoints expressed by the author.

http://www.itaa.org
Web site of the Information Technology Association of America. Although this is a general site, it also includes a reasonably sized Year 2000 section.

http://strategis.ic.gc.ca/sos2000
Strategis is an Industry Canada Internet site dedicated to providing information for small businesses. It contains a special section, entitled "SOS 2000," touching on several related themes, including technical and management challenges, consumer information and industry preparedness for Y2K.

http://www.utility2000.on.ca
Informative Canadian Web site devoted to providing information and resources for small and medium-sized businesses. Includes a series of articles that carry a warning tone about the seriousness of the problem as well as links to other Y2K sites.

http://www.wbn.com/y2ktimebomb/index.htm
Information centre containing information about Y2K that is being constantly updated, including short articles, company news and commentary/analysis.

http://www.y2kinvestor.com
Informative site examining the broad personal investment implications of the Year 2000.

http://www.year2000.com
A very popular site, partially owned by Peter de Jager, one of the first individuals to sound the Y2K alarm. Lots of information, including late-breaking news and links to contemporary and historical articles on Y2K from a vast array of international publications.

http://www.yourdon.com/index.htm
Excellent Web site devoted to the impact of the Y2K bug on consumers.

For More Information

CGA-British Columbia
1555 West 8th Avenue
Vancouver BC V6J 1T5
Tel.: (604) 732-1211
Fax: (604) 732-1252
Toll free: 1-800-565-1211

CGA-Alberta
1410-555 4th Avenue S.W.
Calgary AB T2P 3E7
Tel.: (403) 299-1300
Fax: (403) 299-1339
Toll free: 1-800-661-1078

CGA-Northwest Territories
5016 50th Avenue
3rd Floor, P.O. Box 128
Yellowknife NT X1A 2N1
Tel.: (867) 873-5620
Fax: (867) 873-4469

CGA-Yukon Territory
P.O. Box 5358
Whitehorse YT Y1A 4Z2
Tel.: (867) 668-4461
Fax: (867) 667-6790

CGA-Saskatchewan
4-2345 Avenue C North
Saskatoon SK S7L 5Z5
Tel.: (306) 955-4622
Fax: (306) 373-9219

CGA-Manitoba
4 Donald Street South
Winnipeg MB R3L 2T7
Tel.: (204) 477-1256
Fax: (204) 453-7176
Toll free: 1-800-282-8001

CGA-Ontario
240 Eglinton Avenue East
Toronto ON M4P 1K8
Tel.: (416) 322-6520
Fax: (416) 322-6481
Toll free: 1-800-668-1454

Ordre des comptables généraux licenciés du Québec
445, boul. St-Laurent
Bureau 450
Montréal QC H2Y 2Y7
Tel.: (514) 861-1823
Fax: (514) 861-7661

CGA-New Brunswick
Commerce Building
24-236 St. George Street
P.O. Box 1395
Moncton NB E1C 1W1
Tel.: (506) 857-0939
Fax: (506) 855-0887
Toll free: 1-877-462-4262

CGA-Nova Scotia
Suite 416
5251 Duke Street
Halifax NS B3J 1P3
Tel.: (902) 425-4923
Fax: (902) 425-4983

CGA-Prince Edward Island
P.O. Box 812
Charlottetown PE C1A 7L9
Tel.: (902) 368-7237
Fax: (902) 368-3627

CGA-Newfoundland
Suite 103, AGRA Building
133 Crosbie Road
St. John's NF A1B 1H3
Tel.: (709) 579-1863
Fax: (709) 579-0838
Toll free: 1-800-563-2426

Caribbean Region Office
c/o Systems - CGA
P.O. Box 16B
Letchworth Office Complex
The Garrison
St. Michael, Barbados
West Indies
Tel.: (246) 429-5201
Fax: (246) 429-4379

CGA-Bermuda
c/o Bermuda College
South Shore Road
P.O. Box PG 297
Paget PG BX, Bermuda
Tel.: (441) 236-9000
Fax: (441) 239-4011

CGA-Bahamas
P.O. Box SS 5047
Nassau, Bahamas
Tel.: (242) 393-0224
Fax: (242) 393-7570

Asia Pacific Region Office
Room 1008, Lippo Centre
Tower 2, 89 Queensway
Hong Kong
Tel.: 011-852-2858-1712
Fax: 011-852-2559-4536

Certified General Accountants Association of Canada
700 – 1188 West Georgia Street
Vancouver BC V6E 4A2
Tel.: (604) 669-3555
Fax: (604) 689-5845
Toll Free: 1-800-663-1529
Web site: **http://www.cga-canada.org**

Industry Canada Industrie Canada
Canada

Task Force Year 2000 Secretariat
Industry Canada
18th Floor
North Tower
300 Slater Street
Ottawa ON K1A 0C8
Web site: **http://strategis.ic.gc.ca/sos2000**
or Call: 1 800 O-CANADA (1 800 622-6232)
TTY/TDD: 1 800 465-7735