

Non-Employees: Volunteers, Interns, and Independent Contractors

Your nonprofit may utilize volunteers, interns, and independent contractors to help fulfill your mission. Properly identifying the type of worker is important. Misclassifying workers can expose an organization to liabilities from unpaid minimum wages and tax withholdings.

This summary resource highlights items you need to **know**, questions to **reflect** on your practices, and information to **grow** your understanding.

Important Note: *This information is provided for educational purposes only and does not constitute legal or technical advice. If you are unsure about anything covered in this resource, we suggest that you contact the appropriate agency, employment attorney, or human resources specialist.*

KNOW

Volunteers

Volunteers give their time freely, without the expectation of pay. Volunteers are permitted for nonprofit, governmental, or charitable organizations only. In general, volunteers should not receive anything of value for their service, but may be reimbursed for necessary expenses or occasionally given a small token of appreciation. Volunteers are wonderful assets for nonprofit organizations. When showing your appreciation for their time, talents, and energy, be careful not to provide compensation that could make them an employee.

Interns

Interns are individuals participating in hands-on, work-related learning. An internship should provide significant educational benefits. In certain circumstances, unpaid internships are acceptable. This [L&I Unpaid Internships 101 resource](#) outlines factors to determine whether an intern is an employee for wage and hours laws. Interns may receive forms of compensation such as reimbursement or a stipend, however if an intern is paid a regular wage, they are considered an employee under the Fair Labor Standards Act (FLSA). Interns cannot displace or replace an employee. The intern and employer should understand the intern is not entitled to a paid job at the end of the internship.

Independent Contractors

Independent contractors are workers who are self-employed and have a contract to provide a service to an organization. There are generally three areas regarding the worker's independence to consider when determining if a worker is an independent contractor or an employee: behavioral control, financial control, and the relationship between the parties. Generally, organizations do not have to withhold or pay employment taxes for independent contractors. If you misclassify an employee as an independent contractor, you may be liable for employment taxes as well as unpaid minimum wages and overtime pay for that worker. Organizations may be required to provide a 1099-MISC to independent contractors to report what was paid to the contractor.

Workers' Compensation Coverage for Non-Employees

All workers in Washington are entitled to workers' compensation, including independent contractors, unless they meet [strict exemption requirements](#). Your organization will be responsible for unpaid workers' compensation premiums with penalties and interest if you are found to have workers that should have been reported. Be sure to document if and how each contractor passes the exemption tests.

501(c)(3) organizations may choose to purchase workers' compensation for volunteers, but it is not required. Coverage for volunteers only covers medical costs. Remember, volunteers do not receive anything of value for their service — if a volunteer receives something of monetary value for their service, they may be a "covered worker" who is entitled by law to workers' compensation coverage.

TIP: Check with your general insurance provider to see if your non-employees are covered by your other insurance policies. You may opt to purchase additional liability coverage for volunteers as well.

REFLECT

As you think about your nonprofit's non-employee workers, consider the following questions:

- Do you provide any compensation to your interns or volunteers that may categorize them as employees under wage and hour laws or workers' compensation benefits?
- Do you have written contracts with your independent contractors? Who maintains financial and behavioral control in the relationship?
- Is your organization reporting hours for all covered workers for workers' compensation?

GROW

Grow your understanding and practices by exploring these informative resources from L&I, the IRS, and the Department of Labor, and check out [NAWA's Workers in Nonprofits](#) and [Let's Go Legal](#) for more employment-oriented materials.

Volunteer Resources

- [Workers' Compensation for Volunteers](#) Department of Labor & Industries
- [Non-Profit Organizations and the Fair Labor Standards Act](#) US Department of Labor

Intern Resources

- [Unpaid Internships 101](#) Department of Labor & Industries
- [Internship Programs Under the Fair Labor Standards Act](#) US Department of Labor

Independent Contractor Resources

- [Independent Contractor \(Self-Employed\) or Employee?](#) Internal Revenue Service
- [Misclassification of Employees as Independent Contractors](#) US Department of Labor
- [Workers' Compensation for Independent Contractors](#) Department of Labor & Industries
- [Independent Contractors Guide](#) Department of Labor & Industries

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