The Mountaineers **Payment for Services Policy**

It is the policy of The Mountaineers that all payment for services be done in a transparent manner to ensure fairness to our volunteers and be done formally so that we can create a record and comply with the law.

There are for types of situations that the Mountaineers may make payments for services. They are when the individual is a(n):

1) employee,

2) contactor,

3) volunteer receiving a stipend,

4) individual receiving an honorarium.

**Employee:** An employee is a person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

*Employee relationships can only be initiated by Mountaineers staff and require approval of Executive Director and Director of Finance and should following the Mountaineers standard hiring practice.*

**Contractor:** A contractor is 3rd Party with specific professional skill who is hired to accomplish a specific task, where the hiring company (The Mountaineers) retains the right to determine the end results and cost.

*A contractor relationship can be established at the Club or Branch level. Contractor relationships require proof of WA State Business License (UBI#), contract for services, W-9, invoice for services, and proof of liability insurance. Invoices from contractors at the Branch level will be sent through a Branch officer for payment.*

**Volunteer stipend:** Individuals donating services where time spent is not considered compensable under the Fair Labor Standards Act. There is no expectation of payment for services and there is no expectation of compensation and offers less guidance on how work will be done.

*Volunteer Stipends can be established at the Club or Branch level. Volunteers may receive a stipend to defray costs associated with their volunteering. Stipends must be nominal and can only help the volunteer offsite costs associated with volunteering.*

*Volunteers receiving a stipend must complete a Volunteer Release and Acknowledgement Form and a completed W9.*

**Honorarium:** An honorarium is an [*ex gratia*](http://en.wikipedia.org/wiki/Ex_gratia) payment (i.e., a payment made without the giver recognizing themselves as having any liability or legal obligation) made to a person for their services in a volunteer capacity or for services for which fees are not traditionally required. This is used by groups such as schools or sporting clubs to pay coaches for their costs.Another example includes the payment to a guest speaker at a conference or banquet to cover their travel, accommodation, or preparation time.

*An Honorarium can be established at Club or Branch levels. An individual receiving an Honorarium is an individual who is in a volunteer capacity for non-traditional services, such as a guest speaker. The club or branch would determine the amount of the payment. An Honorarium requires a Check Request and a completed W9.*

**Appendix:**

**Guidelines**

The Mountaineers is an organization that runs primarily through the goodwill of Volunteers. What makes The Mountaineers unique and creates the foundation of our organization is our vast talent pool of Volunteers who contribute their time to teach others in support of our mission to enrich the community by helping people explore, conserve, learn about and enjoy the lands and waters of the Pacific Northwest.

It is the policy of The Mountaineers that the hiring for services of this nature be done in a transparent manner to ensure fairness to our volunteers and be done formally so that we can create a record and comply with the law.

The goal is to selectively use paid resources when they will assist with strategic priorities where there is no available volunteer expertise or interest.

***When is it appropriate to pay an individual for their services as a contractor or employee?***

It is appropriate to pay for services when:

* Level or expertise is not available from a volunteer
* A search for volunteers has been completed and no volunteer identified
* The needed service fills a mission need for the organization
* The individual does the service for their vocation and has an established business (i.e.: has existing clients, business, or past professional experience) outside The Mountaineers
* Individuals who represent themselves as contractors must demonstrate a professional level of expertise in their skill, have a business license.

***How do I determine if the individual being paid for services is an employee, Contractor or volunteer receiving a stipend?***

**Employee:** An employee is a person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

In an employer/employee relationship the hiring organization is required by law to meet the following federal and state requirements:

* Payment of minimum wage for all hours worked and overtime for hours over 40 hours per week.
* Keep accurate payroll records for all hours worked and provide pay statements.
* Give rest breaks and meal periods.
* Follow minor work regulations for employees under 18
* Pay workers compensation premiums and unemployment tax.
* Withhold employee federal and FICA taxes and pay employer FICA taxes

There can be different types of employment relationships- full time, part time, on call, seasonal, temporary, and part-time temporary. Employment relationships can only be initiated by Mountaineers staff. Please contact the Director of Finance, if you think your need falls into employee.

If there are questions as to whether an individual should be an employee or contactor the Mountaineers Executive Director or the Director of Finance.

***How do you know if you are hiring a contractor versus an employee?***

WA State Department of Labor recommends asking the following three questions:

1. Are you hiring someone for more than personal labor? Are they bringing employees, or do they provide their own heavy equipment? Yes – they may be an independent contractor.
2. Are you supervising? Are you telling your worker or a subcontractor’s workers how to do the job, assigning tasks, training, keeping time sheets, paying a wage or setting regular hours? No – they may be an independent contractor.
3. Do they have an established business of their own? Yes – they may be an independent contractor.
	1. Do they perform the work free of your direction and control?
	2. Do they offer services that are different from what you provide? ***Or*,** do they maintain and pay for a place of business that is separate from yours? ***Or***, do they perform their service in a location that is separate from your business or job sites?
	3. Do they have an established, independent business that existed before you hired? Documentation may include other customers or advertising.
	4. When you entered into the contract, was this person responsible for filing a tax return with the IRS for his or her business?
	5. Are they up-to-date on their required Washington State business registrations? Ask the Dept. of Revenue if their business license (UBI) is active.
	6. Do they maintain their own set of books dedicated to the expenses and earnings of their business?
	7. If the work performed is in the construction trades, do they have an active contractor registration or electrical contractor’s license?

**Liability Insurance**

Independent contractors must provide certificate of insurance in the amounts naming The Mountaineers as additional insured:

* Low Risk Contractors, Tenants, 3rd Party providers, and renters where alcohol is served at the event - $1M per occurrence/$2M aggregate
* High risk Contractors - $2M per occurrence/$4M aggregate

Low/high risk classification to be determined at the discretion of Executive Director/Director of Finance. The Facility/Events Manager, Rental committee or equivalent may waive requesting the certificate for renters in select cases at their discretion.

Exemptions for liability insurance requirement can be requested from the operations manager.

**Individuals that are licensed with the State of Washington can be view on the WA Dept of Revenue websites: http://bls.dor.wa.gov/LicenseSearch/Default.aspx**

**Volunteer stipend**

Volunteers are individuals donating services where time spent is not considered compensable under Fair Labor Standards Act. A Volunteer Stipend is appropriate when there is no expectation of payment for services and there is no expectation of compensation.

Mountaineer volunteers may receive a stipend to defray costs associated with their volunteering. Legal guidelines state that the stipend must be nominal and can only help the volunteer offsite costs associated with volunteering. For example, a branch member attends a conference; we may decide to award them a stipend of $100 to defray associated costs. For the Mountaineers these stipends cannot exceed $750 in a 3 month period. All Mountaineer volunteers who receive stipends are required to sign a Volunteer Release and Acknowledgement Form available from the accounting department.

Volunteer Stipends may be approved by the committee leaders, branch leaders, staff or management committee. It is expected that the stipend would be approved by the appropriate individuals prior to the commitment being made.

***Ok. So I think my branch, committee, course, lodge, etc. needs to hire someone for work. How do I do it?***

**The procedures are as follows:**

1. Conduct a search for a Volunteer to fill mission related need throughout The Mountaineers and beyond, as is reasonable. The search may include working through Branch leadership and posting on a web site as a volunteer opportunity. The Volunteer would need to have the necessary expertise and be willing to make the required commitment.
2. When a suitable volunteer resource cannot be identified the branch may develop a contracting relationship but may not hire an individual as an employee. Contractor relationships require proof of WA State Business License (UBI#), contract for services, W-9, and invoice for services.

1. Employee relationships can only be initiated by Mountaineers staff and require approval of Executive Director and Director of Finance and should following the Mountaineers standard hiring practice.
2. If help is needed when clarifying the nature of the work relationship the Director of Finance can be contacted to work with you clarify the nature of the relationship required to fill your need. However if need is unclear then the Director of Finance and Operations may escalate the request to the Managing Committee for review based on following criteria:
	1. Thoroughness of the Volunteer search before individual is hired
	2. Mission related need of the position in light of the current Strategic Plan
	3. Compensation for the service is at or less than fair market value
	4. Need for employee, contractor or stipend.
	5. Contractor relationships require proof of WA State Business License (UBI#), contract for services, W-9, and invoice for services.
3. Invoices from contractors will be sent through the Branch officers for payment.
4. Volunteer stipends cannot exceed managing committee guidance of $200 in a 3 month period. Volunteers receiving a stipend must complete a Volunteer Release and Acknowledgement Form.
5. Branch Council and or Club Staff must be notified prior to commitment to pay for services on behalf of The Mountaineers or run the risk of not being paid for services.

**Honorarium**

An **honorarium** is an [*ex gratia*](http://en.wikipedia.org/wiki/Ex_gratia) payment (i.e., a payment made without the giver recognizing themselves as having any liability or legal obligation) made to a person for their services in a volunteer capacity or for services for which fees are not traditionally required. This is used by groups such as schools or sporting clubs to pay coaches for their costs. Another example includes the payment to a guest speaker at a conference or banquet to cover their travel, accommodation, or preparation time.

An honorarium relationship can be made at the Club or Branch Level. A simple speaker contract is required. A one time honorarium fee may exceed the limits of the Volunteer Stipend. An honorarium is paid after the services are provided and paid through an Invoice to a Branch officer.

**Note: The IRS requires that a 1099 form be submitted to the IRS for any individual that has been paid over $600 for that year at the end that calendar year. Note: this policy does not address or pertain to normal expense reimbursement procedures or the handling and processing of nominal value recognition awards. Nominal value is defined as $100 or less.**