

## **The basic choices to be made when incorporating as a co-operative:**

*It requires a minimum of three (3) individuals or two (2) co-operatives to form a new co-operative.*

### **1. Provincial or Federal**

\* Provincial incorporation under the Co-operative Associations Act of PEI is often quicker and is relatively affordable (\$265 + \$40 name search = \$305).

Incorporation usually takes approximately ten working days from the filing date.

\* Federal Co-operatives usually take more time and money to incorporate, but allow more flexibility in terms of membership structure. To incorporate under the federal Act, a co-op must have offices in more than one province.

### **2. For Profit or Not-For-Profit**

\* There are various pros and cons, depending upon where you may look for supplementary funding sources and on the nature of the co-op's activities. It is possible to apply for charitable status if the non-profit co-op's activities are eligible.

### **3. Membership by share purchase or by annual fee**

- A co-operative can be incorporated by shares;

OR

- A co-operative can be incorporated by annual membership fee.

Shares are probably better if you want to raise capital and/or if the membership will be fairly stable. Annual membership allows for easier turnover in membership, although this requires annual administration. Share prices or membership fees can be set at a nominal sum (such as \$1) or at much higher rates.

### **4. Type of member/owners (Worker/Consumer/Producer/Processor etc.).**

The founding group can have a look at the kind of "boiler plate" wording that is required and discuss basics such as the objects, fiscal year end, head office location, number of directors etc. If the group is comfortable with drafting the by-laws on their own, it is not necessary to involve a lawyer in order to incorporate.

*At present, the only fee to register a co-op is \$305, payable to the Minister of Finance, Energy and Municipal Affairs. The Act also requires that the co-op have a seal (approx \$60 + taxes from a printer or stationery supply store) and a copy of the Co-operative Associations Act of PEI and the attendant Regulations - under \$5 from Island Information Service and also available [online](#)*

*You'll also need a ledger to enter the names and contact info of members and you may want to issue share certificates for a co-op incorporated by shares (although this is not required as long as a record is kept).*