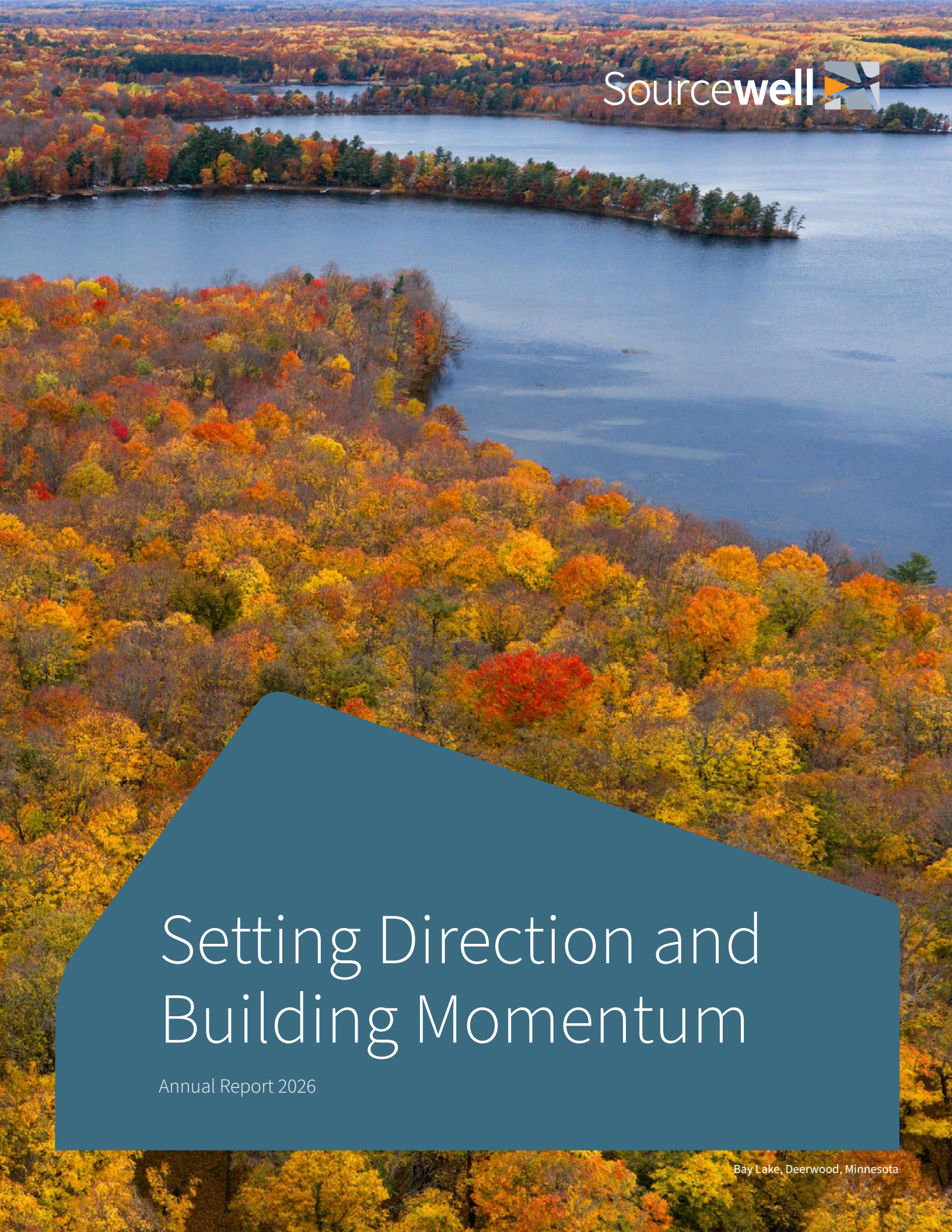


Sourcewell

Setting Direction and Building Momentum

Annual Report 2026

Bay Lake, Deerwood, Minnesota

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Letter from the CEO

Every day, people in public service take on challenges that matter.

Helping students learn. Keeping communities safe and running. Supporting military missions. Managing public resources. Connecting people with solutions. Strengthening organizations. Helping families and communities thrive.

None of that work happens alone.

Fiscal year 2025-26 showed what's possible when public agencies, schools, military installations, associations, suppliers, community organizations, and Sourcewell employees work together.

- Here in our five-county region, schools, counties, nonprofits, and other partners worked together to expand family child care access, strengthen literacy support, and address shared community challenges.
- Across the U.S. and Canada, nearly 42,000 public agencies used Sourcewell solutions. Military installations found new ways to meet mission needs, and new solutions evolved from ideas toward real-world use.

There is a lot to celebrate. But this year also challenged us to look beyond the work immediately in front of us and ask a bigger question:

What more could be possible over the next decade with our help? That question helped shape our North Star and two ambitious goals for 2035:

1. We will partner locally to create the conditions that lead to all regional third graders reading at grade level or higher.
2. We will grow our Enterprise Solutions annual revenue to $1 billion.

Success will look different for each goal. Progress in literacy will mean partners working together to strengthen the conditions that help children become strong readers. Reaching $1 billion will mean public agencies find value in a growing portfolio of solutions built around the problems they need to solve.



But the work required to succeed has much in common. Both goals call on us to strengthen partnerships, learn from the expertise of others, pursue new ideas, adjust as we learn, and stay focused on meaningful outcomes.

That is the work reflected in this annual report. You'll see the progress we made during fiscal year 2025-26 and the people and partnerships behind it. You'll also see what's ahead in fiscal year 2026-27 as today's work begins moving us toward those longer-term ambitions.

There is much to do between now and 2035. And it will take all of us.

Thank you for the work you do, the trust you place in us, and the opportunity to work alongside you.



Chad Coauette, Ph.D.
Chief Executive Officer

Dedicated to service

As a service organization, Sourcewell exists to support public agencies as they serve their constituents. These principles are more than words: They drive our future and guide the decisions and day-to-day actions of our staff to benefit those we serve.

Mission

We are a force multiplier.

Vision

We provide leading solutions that empower community success.

Values

Seek

Be curious by listening to the needs of others, professionally challenging ideas, looking for effective solutions, and promoting innovation and individual growth.

Empower

Be accountable and liberate others by maximizing individual strengths, encouraging transparency, removing barriers, promoting self-awareness, and expecting high standards of conduct.

Impact

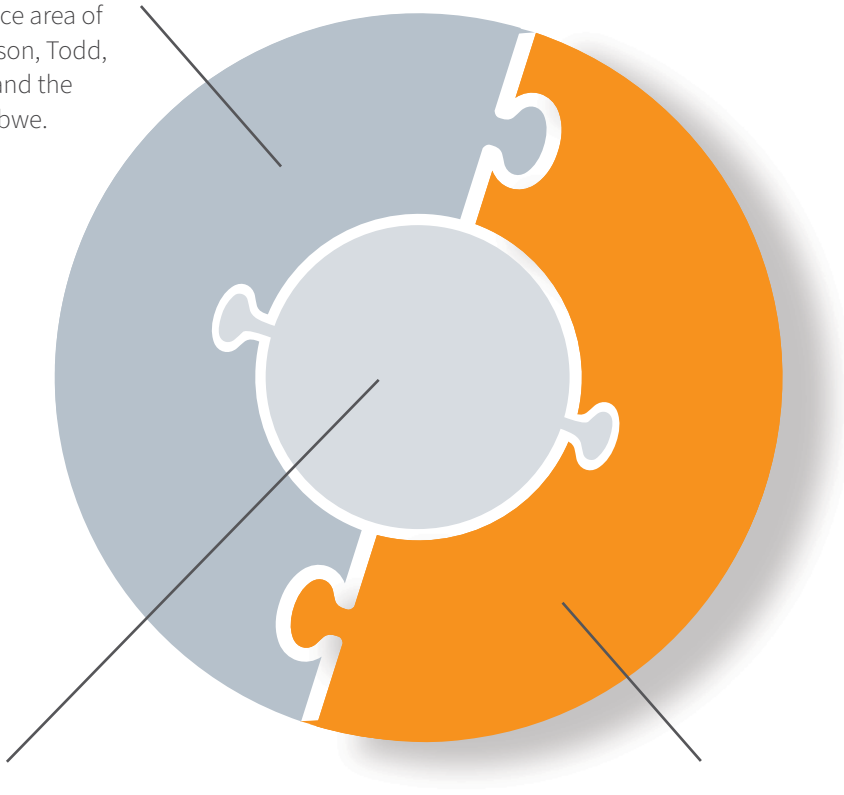
Be a difference maker by providing exceptional service, transforming potential into action, fostering a positive culture, and acting with integrity.

Bringing impact to those we serve

Here's how we organize and align our teams to maximize how we deliver on our mission, vision, and values.

Regional Solutions

This team provides programs, training, and contracted services to support school districts, government entities, and nonprofits in our central Minnesota service area of Cass, Crow Wing, Morrison, Todd, and Wadena counties and the Leech Lake Band of Ojibwe.



Central Services

This team supports, informs, and amplifies the work done by the other teams. This team includes critical roles like finance, procurement, administration, facilities, talent and culture, legal and government relations, operations, technology, and marketing.

Enterprise Solutions

This team serves education and government agencies both inside and outside of our five-county service area. Cooperative purchasing, military support, and emerging solutions help public agencies and military installations meet their goals while enabling Sourcewell to self-fund operations and regional work.

Our North Star

Be a national hub of solutions to empower prosperity in our five-county community.

Our purpose, mission, vision, and values explain why Sourcewell exists and how we work. Our North Star tells us where we're going.

It guides decision making, helping us focus people, resources, and ideas on work that solves real problems for public agencies and creates meaningful impact.

To make that direction more concrete, Sourcewell has set two ambitious goals we aim to achieve by fiscal year 2035.



2035 goals

These two ambitious goals give our North Star actionable purpose. They are designed to make us think differently, strengthen partnerships, and focus our efforts on lasting impact.



Sourcewell will partner locally to create the conditions that lead to all regional 3rd graders reading at grade level or higher by 2035.

Third grade is an important turning point for student potential, as many students shift from learning to read toward reading to learn. Reaching this goal means families, educators, public agencies, nonprofits, and community partners working together on the conditions that help children become strong readers.

Strong readers are better prepared for future learning, work, and life, strengthening local communities for generations.



Sourcewell's Enterprise efforts will grow revenue to $1 billion annually by 2035.

Achieving this goal will require Sourcewell to help public agencies solve more problems with solutions they value. As more agencies use those solutions, Enterprise Solutions can grow — along with our capacity to serve and help solve even more problems.

That growth helps Sourcewell remain self-funded, develop new solutions, and reinvest resources to create opportunities and empower communities in our five-county region.



Schools and community partners know their students and families best. Sourcewell works alongside them to connect resources, expertise, and opportunities that support student and community success.

Regional Solutions

Schools, local governments, nonprofits, and other partners across our central Minnesota service region work with Regional Solutions to strengthen student and community success. Programs, services, training, and shared expertise help address local needs across Cass, Crow Wing, Morrison, Todd, and Wadena counties and the Leech Lake Band of Ojibwe.

Highlights from 2025–26

Partnered with regional counties to support family child care access. A 2025 report from the Minnesota Department of Children, Youth, and Families showed more than 250 additional openings since 2022 — the largest increase in the state. These openings give families greater access to care and support workforce participation across the region.

Advanced the 2035 literacy goal by investing in research to better understand the conditions that influence youth literacy. This work will give schools, community partners, and families a foundation for working together toward stronger reading outcomes for children.

Strengthened supports for high quality instruction in every classroom through the development of an Instructional Supports Toolkit. Educators have practical, aligned resources to strengthen reading instruction and help more students become successful readers.

Connected organizations through Community Bridgemakers and continued mental health collaboration. Regional partners advanced shared mental health priorities, bringing different perspectives, expertise, and resources together around challenges no single organization can address alone.

Supported learning and growth across the region. More than 2,250 educators, administrators, school staff, local government, and nonprofit professionals connected through Sourcewell networks, professional development, and training to build knowledge, share expertise, and strengthen their work.

What to watch for in 2026–27

Turn literacy research into action. Sourcewell will convene educators and school staff, families, public agencies, and community partners to turn research into coordinated action toward creating the conditions that lead to all regional third graders reading at grade level or higher by 2035.

Increase resources for regional priorities. We've budgeted more than $32.1 million for regional reinvestment, expanding opportunities to address needs and strengthen communities across the region.

Expand collaboration around shared challenges. Community Bridgemakers and a growing Community Health Services effort will create more ways for regional partners to connect and act together, including a new advisory council and increased professional development opportunities.

Strengthen data collection and use. Stronger measurement and reporting will help Sourcewell and regional partners understand progress, identify gaps, and focus resources where they can make the greatest difference.

Enterprise Solutions

Public agencies across the U.S. and Canada and U.S. military installations turn to Enterprise Solutions for help solving challenges. Cooperative purchasing, military support, and emerging solutions connect them with options designed around their needs.

Highlights from 2025–26



Served nearly 42,000 public agencies across the U.S. and Canada with more than 1,000 competitively solicited contracts. These contracts help public employees navigate procurement more efficiently and connect with solutions their agencies need.



Expanded the Military Support program to reach 33 additional installations. Military leaders and public employees gained another way to access solutions that support installations and their missions.



Strengthened relationships with associations serving the public sector. Partnerships with AASA, NIGP, the Association of Defense Communities, and Smart Cities (among others) help us better understand public agency needs, share expertise, amplify impact, and connect agencies with useful solutions.



Created new ways to address public-sector challenges through Sourcewell Ventures and AscendRural. Agencies and communities connected with funding opportunities, innovators, and emerging solutions while helping shape solutions that focus on real-world needs.

What to watch for in 2026–27



Scale support for military installations. Growing partnerships and solutions will help installations make greater use of the Intergovernmental Support Agreement (IGSA) pathway to address mission needs and strengthen installation readiness.



Collaborate to create solutions to public-sector challenges. By listening to public agencies and understanding the problems they face, we'll work alongside them to create solutions designed to meet their needs across procurement and beyond.



Make solutions easier to find and use. Investments in the digital experience, data, and processes will make it easier for public employees to navigate Sourcewell and connect with what they need.



Create more opportunities to test promising solutions. Public agencies and partners can help identify challenges, pilot emerging approaches, and shape solutions through Sourcewell Ventures, AscendRural, and challenge pilots.



The people closest to the mission understand its needs best. Sourcewell works alongside military leaders and public employees to listen, learn, and connect them with solutions that can help.



The people behind the scenes help make reliable service possible. Investing in their skills, knowledge, and tools strengthens the support agencies and partners can count on.

Central Services

Reliable service depends on strong people, systems, information, and processes behind the scenes. Central Services strengthens those foundations so employees can better support agencies, suppliers, and partners as their needs evolve.

Highlights from 2025–26



Advanced how we manage and use data and organizational knowledge. Progress on infrastructure, dashboards, governance, and content migration is laying the groundwork for more informed and responsive support for agencies and partners.



Put generative AI to intentional use. Employees explored practical ways to use AI to work smarter, improve processes, and increase capacity for problem-solving, relationship-building, and service for agencies and partners.



Selected a new e-procurement system through a competitive solicitation and award process to support evolving procurement and supplier needs. The new system is intended to improve efficiency, transparency, and scalability as participation grows.



Implemented the early phases of a strategic planning framework to better align priorities and resources. Greater clarity and alignment around focus areas, goals, and initiatives helps coordinate work across Sourcewell and focus support on what agencies and partners need most.



Strengthened opportunities for employees to learn, lead, and grow. Leadership development, more than 24,000 professional development hours, and quarterly performance conversations help employees build skills, get regular feedback, and stay focused on serving agencies and partners well.

What to watch for in 2026–27



Harness disruptive AI technology intentionally. As AI changes how work gets done, employees will expand practical uses that improve decisions, processes, and capacity to focus on the people, problems, and relationships behind our service.



Strengthen how data and organizational knowledge guide our work. Continued improvements will help employees find and use information more effectively, make better-informed decisions, and respond more effectively to agency and partner needs.



Prepare our workforce for what's next. Continued investment in our culture, learning, change management, leadership, succession planning, and performance feedback will help employees develop the skills and adaptability needed to serve agencies and partners as their needs continue to evolve.



Advance our strategic planning system. Greater alignment around priorities, resources, and team efforts will help keep Sourcewell focused on the results that matter most to agencies and partners.



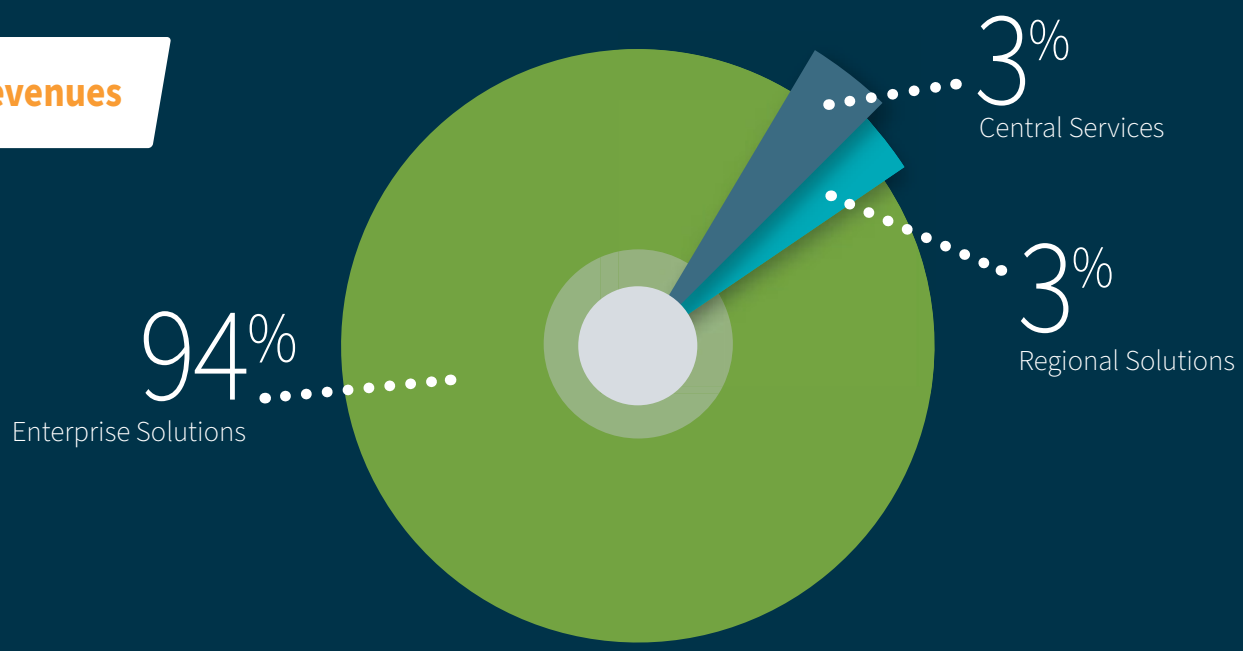
Build systems that can keep pace with growth. Stronger internal systems will help support expanding solutions and more public agencies and partners while maintaining reliable service.

Financials

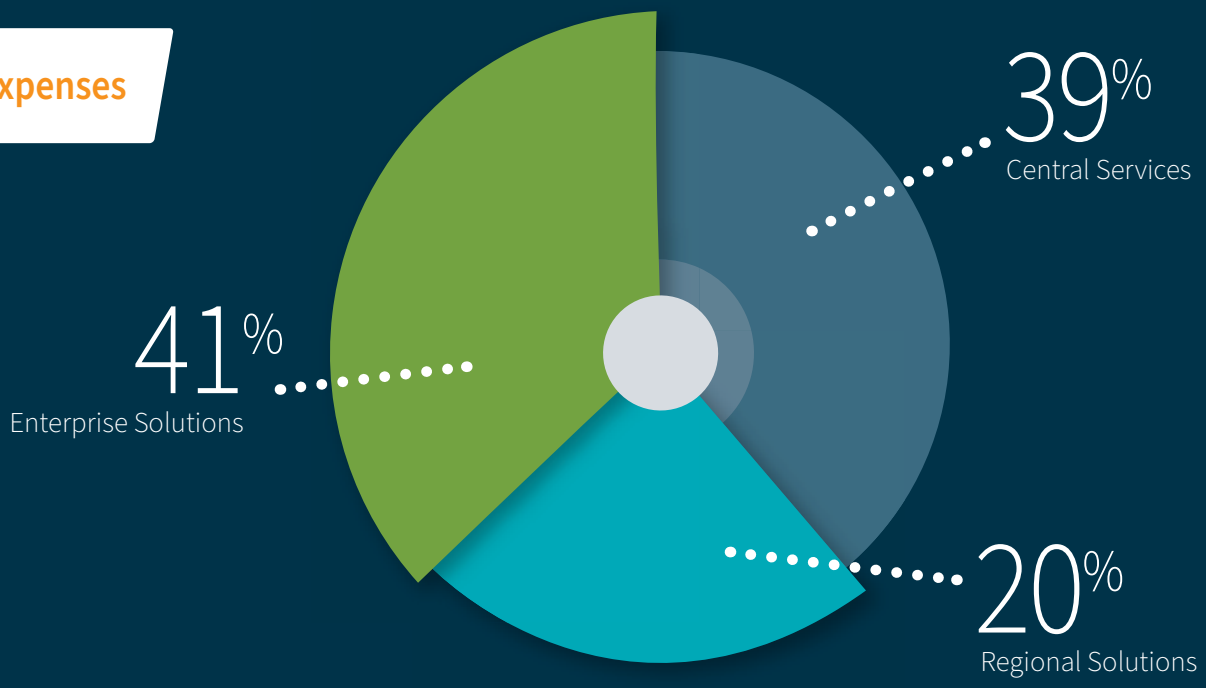
Fiscal year 2025-26

Sourcewell operated on annual revenues of $159.3 million, a 16.6% increase over the prior fiscal year. The information below represents actual overall revenue and expenses for the fiscal year.

Revenues



Expenses



Sourcewell's finances are audited by Eide Bailly LLP, an independent firm.

Stewardship and sustainability

Strategic reinvestment turns resources into programs, services, and partnerships that support students and communities.

In 2025–26, Sourcewell reinvested more than $33.8 million into regional, state, and national services.

For fiscal year 2026–27, we've budgeted over $41.4 million to continue strengthening communities across our region, our state, and the country.

Regional programming and services

Sourcewell supports educators and leaders in local government and nonprofit organizations throughout our five-county service area by providing professional development, contracted services, funding, internship reimbursement, facility construction, and more.

2025-26 – $26 million spent

2026-27 – $32.1 million budgeted

Strategic statewide services and national partnerships

By working with multiple state associations and the eight other service cooperatives in Minnesota, we can multiply our collective impact beyond the boundaries of our service area.

On a national level, Sourcewell supports education and government professionals, helping them better serve their communities by collaborating with national trade associations. These associations include the School Superintendents Association (AASA), Institute for Public Procurement (NIGP), public safety associations, and numerous others.

2025-26 – $7.7 million spent

2026-27 – $9.3 million budgeted



Governance

Minnesota legislation passed in 1976 created the framework for Educational Cooperative Service Units (ECSUs, pronounced “ex-sues”) across the state. Sourcewell officially formed as ECSU-5 in 1978. Since then, the organization has evolved alongside legislation and public agency needs. Today, it’s one of nine Minnesota service cooperatives under Minnesota Statute § 123A.21.

The original purpose continues to drive the work: providing programs and services that help education and government entities address needs more efficiently through cooperation. As a local government agency, Sourcewell employees are government employees.

An eight-member board of local elected officials governs the organization. Representing the five-county service area of Cass, Crow Wing, Morrison, Todd, and Wadena counties, board members include county commissioners, city council members, mayors, and school board members.

The board is vested with the authority to employ staff, define programs and services, and maintain all other powers necessary to carry out the duties as delegated to it by statute and Sourcewell’s members.

Sourcewell receives guidance and input on services and solutions from the communities served through various groups, including:

- Better Health Collective Board of Trustees
- Community Solutions Advisory Groups
- Procurement Advisory Committees
- School Superintendents Advisory Group
- Supplier Advisory Committee

Board of Directors

Sub-Region I

School districts: Bertha-Hewitt, Browerville, Freshwater Education District, Long Prairie-Grey Eagle, Menahga, Sebeka, Staples-Motley, Verndale, Wadena-Deer Creek



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Sharon Thiel
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Sub-Region II

School districts: Cass Lake-Bena, Crosby-Ironton, Northland Community, Pequot Lakes, Pillager, Pine River-Backus, Walker-Hackensack-Akeley



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Shannon Pfieffer
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Sub-Region III

School districts: Brainerd, Little Falls, Mid-State Education District, Pierz, Royalton, Swanville, Upsala



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Chris Kircher
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Sub-Region IV

City County Other Governmental Agency (CCOGA) organizations:

Cities: Baxter, Brainerd, Breezy Point, Browerville, Clarissa, Crosslake, Emily, Little Falls, Menahga, Nisswa, Pierz, Pillager, Pine River, Royalton, Sebeka, Staples, Verndale, Wadena

Counties: Cass, Crow Wing, Morrison, Todd, Wadena

Government Agencies: Central Lakes College, MN State Comm. & Tech College, Region 5 Development Commission



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Guiding authority

Minnesota Statute § 123A.21 defines the programs and solutions that Sourcewell may provide to support government, education, and nonprofit entities. Sourcewell programs align within several of these areas:

Administrative services

- Provide resources and support for efficient operations in regional schools
- Support school workforce recruitment

Community programs

- Administer community funds for large and small projects for local government, nonprofit, and public safety entities
- Reimburse the use of third-party experts to sustain workforce retention and offer communities critical expertise
- Reimburse hourly wages for interns to boost regional workforce development for local government, nonprofit, and public safety entities
- Facilitate and participate in Community Bridgemakers, a collective impact initiative to remove barriers and advance regional opportunities

Curriculum development

- Create and provide curricular resources for career readiness for students
- Create tools for schools to use in selecting curricular resources

Health and safety

- Reimburse training for EMS responders, including initial and refresher courses on CPR/AED, Basic First Aid, EMR, and EMT
- Partner with the League of Minnesota Cities to bring Regional Safety Groups to the region
- Partner with the Precision Driving Center for firefighter, EMS, and law enforcement driving training
- Partner with the Minnesota Board of Firefighter Training and Education on firefighter training reimbursements

Planning

- Provide tools and facilitation support for school continuous improvement planning

Procurement

- Offer a nationwide cooperative purchasing program to save government entities time and money on procurement
- Support authorized military installations' procurement strategy, helping them get the supplies and services they need faster and cost-effectively

Professional development

- Partner with state and regional associations to bring events that support cities, counties, townships, and nonprofit entities in the region
- Offer leadership training and professional development to help educators and school staff grow and empower student success

Risk management

- Manage a health insurance pool for qualifying public entities across Minnesota
- Offer cooperative contracts nationwide in life insurance, supplemental wellness insurance, and employee wellness programs

Shared time programming

- Provide cities with cost-effective, expert community development advisory services
- Offer shared services for family child care and adult foster care licensing
- Manage social services contracts to improve efficiencies across counties
- Provide regional transition services for counties to reduce public costs and increase effectiveness of care for residents
- Provide staffing for career pathways development in schools

Student academics

- Offer low-incidence disability services by providing access to highly qualified, licensed educators to support student success
- Host and manage student programs and conferences

Teaching and learning services

- Boost educator and school success through consulting, leadership training, assessment, curriculum offerings, and career and college readiness programs

Technology planning, training, and support services

- Offer educational software to empower educators with data-driven decision-making to school districts
- Provide a library of instructional technology for check-out to schools

Get to know us

FAQs about Sourcewell

Q. Who is Sourcewell?

A. We're a service cooperative: a self-funded government organization created by the Minnesota Legislature. Public employees across the U.S. and parts of Canada access our programs and solutions to help them serve their communities well.

Q. Who does Sourcewell serve?

A. We support public agencies with programs and services to help them do more with what they have.

Q. Who are Sourcewell's partners?

A. We work with public and private organizations that share an interest in public-sector success. Our partners include regional organizations, state and national associations, public agencies, awarded suppliers, and others that bring expertise, relationships, and solutions to the table. Together, we listen to needs, share knowledge, and create more ways to help public agencies achieve their goals.

Q. How do you decide what solutions to offer?

A. It starts with listening to the people closest to the challenges. Through advisory councils, surveys, associations, and conversations with public agency and community leaders, we seek to understand their needs. Then, we work together to develop scalable solutions that help.

Q. What is your role in central Minnesota?

A. In our assigned service region, we partner with schools, cities, counties, nonprofits, and other government agencies. We offer funding, programming, training, and shared services that help them lead strong, healthy communities.

Q. What is your role outside the region?

A. Public agencies across the U.S. and Canada use our solutions to solve challenges, often saving time, maximizing their resources, and making their missions possible. Today our most popular solutions are our cooperative purchasing and military support programs.



Sourcewell:
We are driven to serve

Who is Sourcewell?

Sourcewell is a government organization that works alongside public agencies to help solve problems and strengthen the communities they serve. From our five-county home in central Minnesota to public agencies and military installations across the country, we listen, connect people and ideas, and develop solutions that help them achieve their goals.

Our core services

- Cooperative purchasing
- Community solutions
- Education solutions
- Career and college readiness
- Military support (procurement)
- Regional low incidence special education support
- Insurance and employee benefits administration

Sourcewell

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