



ITEM 1 COVER PAGE

MOSAIC ADVISORS, LLC

ADV Part 2A | Disclosure Brochure

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March 29th, 2024

This Brochure provides information about the qualifications and business practices of Mosaic Advisors, LLC, also referred to as “Mosaic”, “us”, “we” or “our”. When we use the words “you”, “your”, “family”, and “client” we are referring to you as our client or prospective client. We use the term “Associated Person” when referring to our officers, employees, and all individuals providing investment advice on Mosaic’s behalf.

Mosaic is a Registered Investment Adviser (“RIA”) with the United States Securities & Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”). The registration of an investment adviser does not imply any certain level of skill or training.

The oral and written communications made to you by Mosaic, including the information contained in this Brochure, is intended to provide you with the information required to determine whether to hire or retain Mosaic as your adviser. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Mosaic (CRD # 164913) is available on the Securities and Exchange Commission’s (“SEC”) website located at www.adviserinfo.sec.gov. The SEC’s website also provides information about any person affiliated or registered with, and or required to be registered, as investment adviser representatives of Mosaic.

If you have any questions about the contents of this Brochure, please contact Carey Kesner, Chief Compliance Officer, at (713) 980-4100 or carey@mosaicadvisors.com.



ITEM 2 MATERIAL CHANGES

Please note that the changes and modifications to this Brochure that are set forth below reflect all the “material changes” made to this Brochure since our last delivery or posting of the Brochure on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

Since the last Annual Amendment on March 27th, 2023, we have revised Item 4 of our Disclosure Brochure to indicate that Jay Goldberg is no longer an owner of Mosaic.

While not material, other changes have been made to enhance disclosures regarding our advisory services in Item 4 and Item 8. We have revised our advisory fee information at Item 5.

We will provide new clients with a Brochure before or at the time we begin an advisory relationship. We will deliver to our clients, within 120 days of the end of each fiscal year, a free, updated Brochure that either includes or is accompanied by a summary of material changes. Alternatively, we may deliver a summary of material changes that includes an offer to provide a copy of the updated Brochure and information on how our clients may obtain the Brochure.

Our Brochure may be obtained by visiting our website at www.mosaicadvisors.com or requested by contacting Carey Kesner, Chief Compliance Officer at (713) 980-4100 or carey@mosaicadvisors.com.

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ITEM 4 ADVISORY BUSINESS

Overview

Located in Houston, TX and founded in 2012, Mosaic specializes in comprehensive planning for Texas based entrepreneurial families.

Ownership

Mosaic Advisors, LLC is owned by Mosaic Wealth Partners, LLC. Mosaic Wealth Partners is owned by Brandon Henry and Carey Kesner.

Services Offered

Mosaic offers the below services:

- Due Diligence; and
- Strategic Advisory; and
- Investment Advisory

Each service involves different custodial and administrative services and fee arrangements.

Due Diligence Services (“DD”):

Mosaic’s process begins with Due Diligence and then, if appropriate, transitions to a Strategic Advisory relationship.

As opposed to the days of a folded map in your glove compartment, the advent of GPS brought modern technology that can easily guide you anywhere on the planet. Only two seemingly simple inputs are required to make it work - “Where am I now” AND “Where do I want to go”. However, without both pieces of critical information, this transformative technology is rendered completely useless. The same holds true for successful families and their Advisory Team as they try to navigate the intersection of legal, tax, business, finance, investments, and philanthropy, all the while trying to align those disciplines with ever changing family dynamics. While many families can articulate where they would like their goals and ambition to take them, virtually none are aware of exactly where they currently stand. In our experience, few know what they have in place and how it affects their family and business both today, and years into the future. Without that critical starting point, it is difficult for anyone to define the steps necessary to correct course and achieve goals. These families are left making less than informed decisions that affect everything they own and everyone they love.

Each family and their business have a distinctively different fact set that often requires more than boilerplate solutions. What works for one family is not guaranteed to work for another, even if circumstances appear similar on the surface. After years of working with successful business owners, their management teams, and their family offices, we have reached one universal conclusion with regards to developing a successful roadmap. Before you can realistically define your goals, you need to truly understand: “Where am I now?”. We developed our Due Diligence process specifically to answer this one deceptively simple question.

During a Due Diligence engagement, we work with our clients and their team to collect important tax, legal, and financial documents that touch their personal and business life. We then analyze and synthesize this mountain of data and distill it into actionable workbooks consisting of pictures, graphs, charts, and tables that



illustrate our client's current situation as well as what will transpire upon a "life-changing event". We identify areas of potential deficiency in our clients' existing plan / structure and they, in turn, can prioritize the items they feel are most important to address. The result is a comprehensive understanding of how individual aspects of their financial and business life interact and impacts the other. Armed with this information, families are equipped to focus on developing a roadmap that is designed to meet their long-term goals.

Once Due Diligence is complete, you will know what you own, why you own it, where you own it, how much it costs, how it is taxed, how it is exposed, how efficient it is, and how it complements your other holdings. It is our responsibility to use our understanding of your ever-evolving financial situation and the opportunities that exist within your family's entity structure and the tax code designed to optimize the allocation and physical location of your holdings. By designing a comprehensive strategy that integrates all holdings, we hope to maximize economies of scale, eliminate redundancies, reduce costs, risk, time, and taxes. We believe this is best accomplished if the professional team's financial incentives are aligned with the families' goals and priorities. Once this is accomplished, the requisite total balance sheet approach can blend traditional financial assets with illiquid holdings like real estate, business interests and private equity into a single, comprehensive picture.

Please Note: The scope of any DD engagement depends upon the terms of the engagement, and the specific request and needs of the client.

Strategic Advisory Services ("SAS")

Families interested in managing their personal success with the same rigor, focus, and discipline they demand for their operating companies, often choose to engage Mosaic for ongoing SAS relationship. They retain the role of "Family CEO" while outsourcing other critical functions such as Family Operations, Family Finances, Family Investments, Family Education, Family Governance, and Family Organization.

The families we serve expect Mosaic to significantly alleviate the personal burden associated with being successful. They empower us to collaborate with their professional advisory team (often consisting of Management Team, Administrative Support, Family Office, Portfolio Managers, Insurance Agents, Attorneys, CPAs, Bankers, etc) while holding us responsible to create an environment of effective communication and proactive collaboration. They expect us to make complicated information easy for them to understand and critical tasks simple to delegate. Finally, they want us to help them better anticipate problems before they arise and reduce the impact of issues that cannot be avoided.

The hierarchy is simple. Mosaic holds the professional team responsible for successfully completing projects on time and on budget, and in turn, the client holds Mosaic accountable to Design, Implement, Maintain, and Monitor their plan. In short, we oversee the ever-changing nexus of tax, legal, business, finance, risk, and family dynamics, on behalf of the clients we serve.

Please Note: The scope of any SAS engagement depends upon the terms of the engagement, and the specific request and needs of the client.

Investment Advisory Services ("IA")

Mosaic provides investment advisory and consulting services on a discretionary or non-discretionary basis to



individuals, trusts, estates, closely held business entities, and charitable organizations. Investment advice and portfolio management services are provided on a continuous basis including the appropriate allocation of managed assets among cash, stocks, bonds, and private investments. The selection of specific investments will provide proper diversification designed to help to meet the client's stated investment objectives, although you may impose restrictions on Mosaic with respect to investing in certain securities or types and classes of securities. These portfolio management services are provided to the following:

- Individuals and families
- Estates and trusts
- Endowments and foundations
- Closely held business entities

Please Note: Mosaic believes that it is important for the client to address financial planning issues on an ongoing basis. Mosaic's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether the client determines to address financial planning issues with Mosaic.

Education

All personnel of Mosaic are expected to have education and business backgrounds that enable them to perform their respective responsibilities effectively. In assigning responsibilities, we consider academic background (including studies in college and graduate schools, as well as degrees earned), industry training, licenses, and certifications. Work experience in a related field, such as investments, commodities, insurance, financial planning, banking, or accounting, is also considered. No formal, specific standards have been set, but appropriate education and experience are required. See ADV Form Part 2B for additional information.

Miscellaneous

Limitations of Financial Planning & Non-Investment Consulting / Implementation Services: To the extent requested by the client, Mosaic will provide planning, and related non-investment consulting services such as income tax and estate tax planning, asset protection, family governance, etc. on a fixed fee basis. Mosaic **does not** serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, Mosaic **does not** draft legal documents or prepare tax returns.

To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, and insurance agents), including Mosaic's affiliated licensed insurance agency, Mosaic Insurance Agency, LLC ("Mosaic Insurance") - **see additional disclosure** at Item 10 below. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Mosaic or its representatives. If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to the engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Mosaic, shall be responsible for the quality and competency of the services provided. The recommendation by a Mosaic representative that a client purchase an insurance product from Mosaic Insurance presents a conflict of interest, as the receipt of insurance commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from Mosaic Insurance. Clients can purchase insurance products recommended by Mosaic through other, non-affiliated insurance agencies. **ANY QUESTIONS: Mosaic's Chief Compliance Officer, Carey**



Kesner, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Retirement Rollovers: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If Mosaic recommends that a client roll over their retirement plan assets into an account to be managed by Mosaic, such a recommendation creates a conflict of interest if Mosaic will earn new (or increase its current) compensation because of the rollover. When acting in such capacity, Mosaic serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to rollover retirement plan assets to an account managed by Mosaic. Mosaic’s Chief Compliance Officer, Carey Kesner, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

Custodian Charges-Additional Fees: As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Mosaic generally recommends that Charles Schwab and Co. (“Schwab”) serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including Schwab, do not currently charge fees on individual equity or ETF transactions, others do). **Please Note:** there can be no assurance that Schwab will not change its transaction fee pricing in the future. **Please Also Note:** Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. These fees/charges are in addition to Mosaic’s investment advisory fee at Item 5 below. Mosaic does not receive any portion of these fees/charges.

However, Schwab (as do its primary competitors that provide similar pricing arrangements) require that cash proceeds are automatically swept into Schwab proprietary or affiliated money market mutual funds or cash sweeps accounts. Typically, these proprietary/affiliated Schwab funds/accounts do not provide the highest return available.

Use of Mutual & Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be used by Mosaic independent of engaging Mosaic as an investment adviser. However, if a prospective client determines to do so, they will not receive Mosaic’s initial and ongoing investment advisory services. In addition to Mosaic’s investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Mosaic utilizes the mutual funds and exchange traded funds issued by Dimensional Fund Advisors (“DFA”).



DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Mosaic's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply.

Margin & Securities Based Loans: Upon client request, Mosaic may recommend that a client establish a securities-based loan ("SBL") through the client's affiliated bank (an "SBL Lender") to access cash flow. The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. SBL risks include the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement, and all risk disclosures provided by the SBL Lender. If the Firm recommends that a client apply for an SBL instead of selling securities that the Firm manages for a fee to meet liquidity needs, the recommendation may present an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would reduce the amount of assets to which the Firm's investment advisory fee percentage is applied, and thereby reduce the amount of investment advisory fees collected by the Firm. Likewise, the same ongoing conflict of interest is present if a client determines to apply for an SBL on their own initiative. These ongoing conflicts of interest would persist as long as the Firm has an economic disincentive to recommend that the client terminate the use of SBLs. Clients are therefore reminded that they are not under any obligation to employ the use of SBLs, and are solely responsible for determining when to use, reduce, and terminate the use of SBLs. Although the Firm seeks to disclose all conflicts of interest related to its recommended use of SBLs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender as applicable, and contact the Firm's Chief Compliance Officer, Carey Kesner, with any questions regarding the use of SBLs.

Cash Sweep Accounts. Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Mosaic shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Mosaic reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

Please Note: The above does not apply to the cash component maintained within Mosaic's actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any of Mosaic's unmanaged accounts.



Please Note: Cash Positions. Mosaic treats cash as an asset class. As such, unless determined to the contrary by Mosaic, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Mosaic’s advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Mosaic may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Mosaic’s advisory fee could exceed the interest paid by the client’s money market fund. ANY QUESTIONS: Mosaic’s Chief Compliance Officer, Carey Kesner, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.

Cybersecurity Risk: The information technology systems and networks that Mosaic and its third-party service providers use to provide services to Mosaic’s clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Mosaic’s operations and result in the unauthorized acquisition or use of clients’ confidential or non-public personal information. Clients and Mosaic are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Mosaic has established its processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Mosaic does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Client Retirement Plan Assets: If requested to do so, Mosaic can provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client’s employer. In such event, Mosaic shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Mosaic’s ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. Mosaic will not receive any communications from the plan sponsor or custodian, and it shall remain the client’s exclusive obligation to notify Mosaic of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Portfolio Activity or Inactivity: Mosaic has a fiduciary duty to provide services consistent with the client’s best interest. Mosaic will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, which may include but is not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, market conditions and changes in the client’s investment objective. There may be periods of time, which may be substantial, when Mosaic determines that changes to a client’s portfolio are not necessary. Notwithstanding, we will continue to charge fees, as specified in Item 5 below, on the value of the client’s account during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Mosaic will be profitable or equal any specific performance level(s).



Non-Discretionary Service Limitations: Clients that determine to engage Mosaic on a non-discretionary investment advisory basis must be willing to accept that Mosaic cannot affect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, if Mosaic would like to make a transaction for a client's account, and client is unavailable, Mosaic will be unable to affect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

Aggregate Reporting: Mosaic may also provide periodic comprehensive reporting services that can incorporate all the client's investment assets, including those investment assets that are not part of the assets managed by Mosaic (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not Mosaic, shall be exclusively responsible for the investment performance of the Excluded Assets.** Unless otherwise specifically agreed to, in writing, Mosaic's service relative to the Excluded Assets is limited to reporting only. As such, Mosaic does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring, and trading authority for the Excluded Assets. If Mosaic is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Mosaic shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires Mosaic provide investment management services for the Excluded Assets; the client may engage Mosaic to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between Mosaic and the client.

Please Note: Socially Responsible Investing Limitations. Please Note: Socially Responsible (ESG) Investing Limitations. Socially Responsible Investing involves the incorporation of Environmental, Social, and / or Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria / factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the way a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including the potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Mosaic), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. Mosaic does not maintain or advocate an ESG investment strategy but will seek to employ ESG if directed by a client to do so. If implemented, Mosaic shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the funds or portfolio's underlying company securities meet a socially responsible mandate.

Use of Independent Managers. Mosaic may allocate (and / or recommend that the client allocate) a portion of their investment assets among unaffiliated independent investment managers ("Independent Manager(s)") including but not limited to Parametric, BlackRock, and Aperio in accordance with the client's designated investment objective(s). In such situations, the Independent Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. Mosaic shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Mosaic shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.



Please Note: The investment management fee charged by the Independent Manager[s] is/are separate from, and in addition to, Mosaic's advisory fee as set forth in the fee schedule at Item 5 below and which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

Client Obligations: Mosaic will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying Mosaic if there is ever any change in their financial situation or investment objectives so that Mosaic can review, and if necessary, revise its previous recommendations or services.

Investment Risk: Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Mosaic) will be profitable or equal any specific performance levels.

Disclosure Statement: A copy of Mosaic's written Brochure as set forth on Part 2A, Part 2B and Form CRS of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client Agreement.

Mosaic shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, a Mosaic representative will ascertain each client's investment objective(s). Thereafter, Mosaic shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Mosaic's services.

Mosaic does not participate in a wrap fee program.

Assets Under Management ("AUM"): On December 31st, 2023, Mosaic had \$325,598,870 in AUM, \$323,048,273 on a discretionary basis and \$2,550,597 on a non-discretionary basis.

ITEM 5 FEES & COMPENSATION

Type of Compensation

Due Diligence Fees (“DD”)

Mosaic’s one-time DD fee is not predicated on a family’s net worth but on Mosaic’s perception of complexity along with our understanding of the time required to assist the family and the value we hope to deliver. Our fees are negotiable at our discretion, which can result in different fees being charged for families similar in makeup, objectives, and priorities. This fee is due as outlined in our Due Diligence Service Agreement. Generally, Due diligence fees begin at \$50,000.

Additionally, Mosaic’s DD fee does not include any legal, tax, valuation, or other professional advisory fees which may be necessary to complete the proposed plan as outlined. Licensed tax, legal, and valuation advisors may be required for ultimate implementation and these fees are separate and apart from our agreement and payable directly to each respective vendor. Unless the client chooses to engage Mosaic going forward, our engagement will terminate upon the completion of Due Diligence.

Strategic Advisory Fees (“SAS”)

Mosaic’s quarterly SAS fee is not predicated on a family’s net worth but on Mosaic’s perception of complexity along with our understanding of the time required to assist the family and the value we hope to deliver. SAS fees are typically payable quarterly in advance. Our fees are negotiable at our discretion, which can result in different fees being charged for families similar in makeup, objectives, and priorities. This fee is due as outlined in our Strategic Advisory Services Agreement. Generally, SAS fees begin at \$37,500 per quarter with a Cost-of-Living Adjustment (“COLA”) of 5.00% per year.

Additionally, Mosaic’s SAS fee does not include any legal, tax, valuation, or other professional advisory fees which may be necessary to complete the proposed plan as outlined. Licensed tax, legal, and valuation advisors may be required for ultimate implementation and these fees are separate and apart from our agreement and payable directly to each respective vendor.

Investment Advisory Fees

Generally, in relation to legacy client relationships and indirect family members or extended households of SAS clients, Mosaic is compensated based on a percentage of AUM. Based upon the billing platform utilized, the IA fee is payable quarterly, either in advance or in arrears. For accounts billed in arrears, the IA fee will be a percentage of the average daily market value of all assets in the account during the respective billing period. With respect to accounts that are billed quarterly in advance, the IA fee will be based upon a percentage of the value of all assets in the Account on the last business day of the previous quarter. In any partial calendar quarter or month, the IA fee will be prorated based on the number of days that the account was open during the respective period. We will also adjust our IA fee in a pro rata fashion for any additions to, or withdrawals from managed accounts. IA fees are negotiable at our discretion, which can result in different fees being charged for accounts similar in makeup and objectives. In making a final decision on the fee negotiated and the billing platform utilized, several factors are taken into consideration, including other accounts related to, or affiliated with you, the securities held in the investment portfolio, investment objectives, the total AUM on an aggregate basis, and other factors that are deemed at the time to be relevant. Tiered AUM fees range from 0.20% - 1.00% of household portfolio value.



Clients may elect to have Mosaic's fees deducted from their custodial account. Both Mosaic's Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for our investment advisory fee and to directly remit that advisory fee to Mosaic in compliance with regulatory procedures. If Mosaic bills the client directly, payment is due upon receipt of the invoice.

Discretionary Accounts

Mosaic will allocate client assets consistent with the client's designated investment objective. However, we always seek to make recommendations in the client's best interests.

Non-Discretionary Accounts

The ultimate Advisory Fee negotiated for non-discretionary accounts is based upon several factors, including the anticipated transaction activity, other accounts related to, or affiliated with you, the securities held in the investment portfolio, investment objectives and goals, the total assets under management on an aggregate basis and other factors that are deemed at the time to be relevant.

Transaction Costs

Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, brokerage commissions, transaction fees, other related costs and expenses, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus and are in addition to the fees charged by us. See Item 12 - Brokerage Practices and Item 14 - Referral Arrangements and Other Compensation for a description of additional compensation received indirectly by persons associated with Mosaic.

Termination

The relationship between parties may be terminated by either party upon written notice.

SAS or DD Services: Upon termination, we will determine, in good faith, an amount equal to the unearned fees, if any, and shall promptly refund such amount to you. "Unearned fees" means the portion of any fees that we determine are attributable to services that had not been performed by us prior to receipt of notice of termination from you.

In the event of termination of an investment management relationship that bills in advance, Client will be entitled to a prorated refund of any pre-paid advisory fee based on the number of days remaining in the quarter after the termination date.

Fee Differentials for Combined Services

If the client determines to engage Mosaic to provide a combination of Due Diligence, Strategic Advisor and / or Investment Advisory services, Mosaic's annual fee shall vary based upon various objective and subjective factors, including the total amount of assets placed under management / advisement, the complexity of the engagement, the level and scope of the overall investment advisory and / or planning services to be rendered. Certain clients are subject to legacy fees which may be lower than the fees set forth above and not available

to new clients. Because we generally price our combined services engagements based upon these factors, similarly situated clients may pay diverse fees, and the services to be provided by Mosaic to any client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

ITEM 6 PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Mosaic does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) nor do we engage in side-by-side management.

ITEM 7 TYPES OF CLIENTS

We generally offer financial planning services to the following types of clients:

- Ultra-High Net Worth Individuals
- Ultra-High Net Worth Families
- Family Offices
- Trusts
- Estates
- Foundations

Mosaic, in its sole discretion, may adjust its advisory fees based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). **Please Note:** As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear.

In preparing financial plans and acting as a solicitor for third party managers, Mosaic measures investment goals, risk tolerance and time horizon through an interview process and various questionnaires to determine investment strategies or financial planning techniques that is best suited to fit the Client's needs. After Mosaic evaluates the Client's financial needs, we will design investment and risk management programs to assist the Client to achieve their financial goals.

Analysis Methods

Security analysis methods utilized by Mosaic may include the following:

Fundamental

Fundamental analysis maintains that markets may misprice a security in the short run, but that the "correct" price will eventually be reached by the market. The fundamental analysis of a business involves analyzing a business's financial statements and health, management and competitive advantages, and competitors and markets.

Technical

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.

Charting

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the timeframe of the price charts.

Cyclical

Cyclical analysis generally targets cyclical stocks for purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low and sell them when the P/E Ratio is high (i.e. when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

Sources of Information

The main sources of information that Mosaic uses to analyze these investment strategies is:

- Financial News Papers and Magazines
- YCharts
- Annual Reports and Prospectuses
- Company Press Releases
- World Wide Web
- Research materials prepared by others
- Morningstar
- Corporate rating services
- SEC Filings

Investment Strategies

Mosaic uses the following investment strategies when managing client assets and/or providing investment advice:

- Long-Term Purchases, which are investments, held at least a year.
- Short-Term purchases which are investments sold within a year.
- Option Writing including covered options, uncovered options, and / or spreading strategies. Mosaic may use option writing sparingly from time-to-time.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current, and prospective clients (including you) should never assume that the future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through my investment management program.

Market Risk

Either the stock market as a whole or the value of an individual company because of moves in the overall market goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Stock (Equity) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk

When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as an unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Bond (Fixed Income) Risk

When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Options Risk

Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period. Options may be subject to greater fluctuations in value than an investment in the underlying securities. Buying and / or selling options (puts and / or calls) is highly specialized activities and entail greater than ordinary investment risks.

Exchange Traded Funds

An exchange traded fund (“ETF”) is a type of investment company that is traded on an exchange and invests primarily in a basket of securities including in a particular market index. ETFs typically seek to provide investment results that, before fees and expenses, generally correspond to the price and yield performance of the underlying benchmark index. Investing in an ETF exposes you to the risks of the ETF’s holdings in direct proportion to the allocation of assets that comprise the ETF. However, ETFs may not fully replicate the construction of their benchmark index, resulting in performance that differs from expectations. In addition, ETFs trade at a discount or premium to their underlying net asset value (“NAV”). As a result, investors purchasing an ETF at a premium may underperform the ETF NAV, while the redemption of shares may result in the ETF trading at a discount to NAV.

ETF & Mutual Fund Risk

When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

Alternative Investment Risk

Alternative investments may be recommended in specific circumstances. These investments are susceptible to many of the same risks as other securities, but also include risks such as liquidity, transparency, and tax.

Management Risk

Your investment with Mosaic varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

55-ip & Blackrock Model Portfolio Strategies

Mosaic uses 55-ip to monitor certain client asset allocations, provide trading signals regarding tax transition, tax-loss harvesting, and model implementation. 55-ip receives a daily download of Mosaic transactions and holdings data from Schwab. 55-ip delivers trade lists to Mosaic. Mosaic can choose to implement, reject, or amend these trade recommendations for certain client accounts.

Blackrock provides several model strategies (comprised either of exchange traded funds or a combination of mutual funds and exchange traded funds) to be implemented through 55-ip with no additional cost beyond the cost of the underlying investments. The models are comprised of both Blackrock’s own proprietary funds and other third-party asset manager’s funds, which Mosaic can then choose from and implement through 55-ip at its discretion. Mosaic has chosen to use 55-ip to implement models for certain clients provided by Blackrock at this time. To use 55-ip without any additional cost to the client or to Mosaic, Mosaic is limited to using models provided by the third-party asset managers approved on the 55-ip platform. A potential conflict exists as Blackrock has an incentive to recommend the use of its own proprietary products. Since Mosaic is being provided access to 55-ip by Blackrock, to receive the benefits of 55-ip, Mosaic may purchase Blackrock products



to a greater degree than if they were not being given access to 55-ip. Mosaic considers the cost of the underlying investments as well as the cost of implementing the models when deciding whether to use a given model or investment product on behalf of a client. Mosaic receives no monetary benefits from Blackrock for the use of its models, but Mosaic does receive access to investment research and other investment related tools.

Please Note: Mosaic's Chief Compliance Officer, Carey Kesner, remains available to address any questions that you may have regarding Mosaic's use of 55-ip, including the conflict of interest presented by such arrangement. Please Further Note: If a client seeks to prohibit or limit the amount of assets allocated to the Blackrock model strategies, the client can do so, in writing, addressed to Mosaic's Chief Compliance Officer.

ITEM 9 DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mosaic or the integrity of Mosaic's management. Mosaic has no information which is applicable to this Item.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Mosaic, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Mosaic, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Mosaic and principals of the firm may refer clients to other third parties, which could include banking institutions, valuation firms, accounting firms, law firms, real estate brokers, and pension consultants. Mosaic or our associated persons would not receive any compensation for such referrals. Mosaic does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

Insurance Agency

Mosaic's affiliate, Mosaic Insurance Agency, LLC is licensed as an insurance agency and provides analysis of and recommends the purchase and sale of certain life insurance products on a commission compensation basis. Mosaic Insurance Agency LLC is wholly owned by Mosaic Wealth Partners, LLC and may receive compensation or other forms of compensation in connection with such sales. Licensed personnel devote less than 25.0% of their time to this activity. The commission compensation earned by Mosaic Insurance Agency and its agents is separate from, and in addition to, Mosaic's DD, SAS and / or IA fees. Clients are not obligated to use Mosaic Insurance Agency or any of its agents for any recommended insurance transaction. See Client Referrals and Other Compensation for a discussion of the conflict of interest and compensation related to these relationships.

ITEM 11 CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRADING

General

Mosaic has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Mosaic must acknowledge the terms of the Code of Ethics annually, or as amended.

Personal Trading

Mosaic and our related persons may purchase and sell securities for their own account. To prevent conflicts of interest, all employees of Mosaic must comply with our Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Mosaic's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Carey Kesner.

Insider Information

The Code of Ethics imposes certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of Mosaic.

Mosaic and/or its representatives *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Mosaic and/or representatives of Mosaic are able to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11 C, Mosaic has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Mosaic's Access Persons.

ITEM 12 BROKERAGE PRACTICES

If the client requests that Mosaic recommend a broker-dealer/custodian for execution and/or custodial services, Mosaic generally recommends that investment advisory accounts be maintained at Schwab. Prior to engaging Mosaic to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Mosaic setting forth the terms and conditions under which Mosaic shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer / custodian.

Factors that Mosaic considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Mosaic, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Mosaic's clients shall comply with Mosaic's duty to seek best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction where Mosaic determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and



responsiveness. Accordingly, although Mosaic will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Unless services are provided in conjunction with a wrap program, transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Mosaic's investment advisory fee.

Factors that Mosaic considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Mosaic, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (**See** Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to Mosaic's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, Mosaic shall have a duty to obtain the best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction where Mosaic determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Mosaic will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

Research & Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Mosaic can receive from Schwab (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Mosaic to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Mosaic can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by Mosaic in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist Mosaic in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Mosaic and/or its representatives.

Mosaic's clients do not pay more for investment transactions effected and/or assets maintained at Schwab because of this arrangement. There is no corresponding commitment made by Mosaic to Schwab, or any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

ANY QUESTIONS: Mosaic's Chief Compliance Officer, Carey Kesner, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.

Directed Brokerage

As indicated above, Mosaic generally recommends that its clients utilize the brokerage and custodial services provided by Schwab. The Firm may accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Mosaic. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** If the client directs Mosaic to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Mosaic. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Order Aggregation

Transactions for each client account generally will be affected independently unless Mosaic decides to purchase or sell the same securities for several clients at approximately the same time. Firm may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Firm's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Mosaic shall not receive any additional compensation or remuneration because of such aggregation.

ITEM 13 REVIEW OF ACCOUNTS

Account Review

Carey Kesner, Mosaic Chief Compliance Office, or his designee(s) will review all accounts on an annual basis and compare each investment transaction to ensure that they are: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews can be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

Reports

Each client will receive a performance report regarding its investments on a quarterly basis or as agreed with the client. If a review of a client's account is warranted, a report will be issued on an as-needed basis. Clients should receive at least quarterly brokerage transaction confirmations and statements from the custodian of the account that holds or maintains client investments.

Trade Errors

In the event of a trade error in your account, our policy is to attempt to correct trading errors as soon as they are discovered; however, Mosaic may not be responsible for poor executions or trading errors committed by the brokers with which it transacts, unless such errors resulted from Mosaic Advisor's negligence, fraud, or willful misconduct. Notwithstanding the above, based on the circumstances, corrective actions may include:

- canceling the trade; and / or
- adjusting an allocation; and / or
- reimbursement to the account

ITEM 14 CLIENT REFERRALS & OTHER COMPENSATION

As indicated in Item 12, Mosaic receives free or discounted support services and products from Schwab.

Mosaic does not compensate unaffiliated individuals or entities for client introductions.

Other Compensation - Insurance Company

Certain personnel of Mosaic are licensed with Mosaic Insurance Agency. To the extent insurance products are offered to clients of Mosaic, Mosaic Insurance Agency may be paid a commission by the insurance company who issues the policy. This creates a conflict of interest as there is an incentive to recommend insurance products based on the compensation received, rather than on the client's needs. No client is under any obligation to purchase any insurance product from Mosaic Insurance Agency. Clients can purchase insurance products through other, non-affiliated insurance agencies and agents. Notwithstanding such conflict of interest, Mosaic addresses this conflict of interest by utilizing insurance products only where it is in the best interest of clients, and after consultation with the client.

ITEM 15 CUSTODY

Mosaic shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. To the extent that Mosaic provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Mosaic with the account statements received from the account custodian. The account custodian does not verify the accuracy of Mosaic's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from Mosaic to transfer client funds or securities to third parties. These arrangements are disclosed in Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21st, 2017, *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination. **ANY QUESTIONS: Mosaic's Chief Compliance Officer, Carey Kesner, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**



ITEM 16 INVESTMENT DISCRETION

Discretionary Authority

Mosaic usually receives discretionary authority from clients at the outset of a relationship. That discretionary authority allows us to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities.

Documentation of Discretion

Discretionary authority is provided in our contract with each client. Additionally, we maintain a Limited Power of Attorney for all our discretionary accounts for the purpose of directing and or effecting investments, for the direct payment of fees and or the payment of commissions, custodial fees and or other charges incurred by the managed account.

Discretionary Management

In all cases, however, such our discretion is to be exercised in a manner consistent with the stated investment objectives for the account. Thus, when selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the clients for which it advises. Additionally, in many cases, the discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. Investment guidelines and restrictions must be provided to Mosaic in writing.

ITEM 17 VOTING CLIENT SECURITIES

Mosaic does not have any authority to and does not vote proxies on behalf their clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in their portfolios.

Mosaic will not be responsible, and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof.

ITEM 18 FINANCIAL INFORMATION

Mosaic is required to provide you with certain financial information or disclosures about financial conditions which would impede our ability to provide the advisory services described herein. Mosaic has no financial commitments that impair our ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding, nor do we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have no additional material financial disclosures to make.

ITEM 19 OTHER INFORMATION

Summary Privacy Policy

Mosaic does not disclose nonpublic personal information about our clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced, or improved products or services we provide. We maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

Business Continuity Plan

Mosaic has developed a Business Continuity Plan to address how we will respond to events that may disrupt its business. Since timing and impact of disasters is unpredictable, we will have to be flexible in responding to the events as they occur. This plan is designed to permit us to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting and the assurance of prompt access to funds and securities for our customers.

Varying Disruptions – Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing Mosaic, the business district where we are located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only us or a building housing us, we will transfer our operations to an emergency-ready local site, moving a select group of trained employees and expecting to recover and resume business within four hours. In a disruption affecting our business district, city, or region, we will move appropriate staff to a site outside of the affected area to be able to communicate with the custodian on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm, if necessary.

If you have questions about our Business Continuity Plan, please feel free to contact Carey Kesner, Chief Compliance Officer at (713) 980-4100 or at carey@mosaicadvisors.com.

Any Questions: Mosaic's Chief Compliance Officer, Carey Kesner, remains available to address any questions regarding this Part 2A.