



Item 1 Cover Page

# MOSAIC ADVISORS, LLC

## ADV Part 2A – Disclosure Brochure

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March 27, 2023

This Brochure provides information about the qualifications and business practices of Mosaic Advisors, LLC (“Mosaic Advisors, Mosaic, us, we or our”). We may also refer to the Registrant as “Mosaic”. When we use the words “you”, “your” and “client” we are referring to you as our client or our prospective client. We use the term “Associated Person” when referring to our officers, employees, and all individuals providing investment advice on behalf of Mosaic Advisors. 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](mailto:carey@mosaicadvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Mosaic Advisors is a registered investment adviser. 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 Advisors, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Mosaic Advisors as your adviser.

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



## Item 2 Material Changes

Please note that the changes and modifications to this Brochure that are set forth below reflect all of 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](http://www.adviserinfo.sec.gov).

**Material Changes:** Since our last Annual Amendment on February 18, 2022, this Disclosure Brochure has been amended at Item 4 to include additional information regarding our Strategic Advisory Services program. Item 4 has also been revised to include additional information regarding our advisory services, including cash sweep accounts and cybersecurity risks.

We will provide new clients with a Brochure before or at the time we enter into 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.

Currently, our Brochure may be requested by contacting Carey Kesner, Chief Compliance Officer at (713) 980-4100 or [carey@mosaicadvisors.com](mailto:carey@mosaicadvisors.com) or visiting our website at [www.mosaicadvisors.com](http://www.mosaicadvisors.com).

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## Item 4 Advisory Business

### Overview

Mosaic Advisors is an investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”) that specializes in comprehensive wealth management services for successful business owners and families. Mosaic is located in Houston, Texas and was founded in 2012.

## Ownership

Mosaic Advisors, LLC is owned by Mosaic Wealth Partners, LLC. The members and owners of Mosaic Wealth Partners are Jay Goldberg, Brandon Henry and Carey Kesner.

## Services Offered

Mosaic offers to provide a number of specific advisory programs and services in the following areas:

- Strategic Advisory services; and
- Financial Planning & Due Diligence services; and
- Plan Design & Implementation services; and
- Investment Advisory services

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

## Strategic Advisory Services

Strategic Advisory Services are the most comprehensive service offered by Mosaic. Clients authorize our firm to take the lead on many of the most important aspects of their financial and business lives, as well as family education/governance. This engagement allows us the opportunity to continue to enhance existing planning as well as to maintain what is already in place. Our goal is to distill the collective wisdom of the entire professional team into understandable, actionable information and then see that recommendations are effectively implemented.

New engagements typically begin with clients engaging us to perform a comprehensive Gap Analysis that includes all aspects of the Client's tax, legal, financial, and business "life" called Due Diligence (described in "(a)" below).

Once Mosaic has a thorough understanding of the Client's current condition, along with their stated objectives, Mosaic's focus will transition to Plan Design, Implementation, Maintenance & Monitoring Service (described in "(b)" below) and / or Investment Consulting & Portfolio Oversight Services (described in "(c)" below).

- (a) **Due Diligence Services:** Mosaic shall provide Client with the following due diligence services, which we consider "Phase 1" of a planning engagement. The Due Diligence Process typically includes, but is not limited to the review, analysis, and identification of the following:
- Collect & analyze of all relevant personal data & documents.
  - Collect & Analyze of all relevant business data & documents.
  - Develop robust balance sheets including an estimate of value for of all closely held business interests.
  - Build entity maps including tax status and plan outline since inception.
  - Review current business succession plan spanning potential transfers of both ownership & leadership along with valuation metrics.
  - Illustrate current & future estate tax liability using appropriate growth assumptions.
  - Define current & future estate distribution.
  - Review & analyze in-force life insurance.
  - Review asset allocation & location of investment holdings.
  - Analyze asset protection & potential P&C insurance gaps.
  - Evaluate company & personal retirement plans / benefits.
  - Identify key internal drivers of company value.

The result of our Due Diligence Process will be summarized in a written document which will outline

the observations, issues, and concerns that we have identified while reviewing your current situation.

In accordance with the Due Diligence Service, we will follow the below process:

- I. Data Gathering: You or your professional advisors (e.g., Accountant, Attorney, CFO, Family Office) will provide us with financial, business, and personal data necessary to proceed. This data is gathered through a review of existing documents, completion of written forms, and interviews with us.
- II. Analysis: We will analyze the information provided, evaluate your ability to meet stated objectives, make observations and identify problems for your consideration.
- III. Delivery: We deliver due diligence results based on our discovery and review process.

**Please Note**: The scope of any financial planning and Due Diligence services to be provided depends upon the terms of the engagement, and the specific request and needs of the client.

- (b) **Plan Design, Implementation, Maintenance, & Monitoring Services**: We will provide guidance on a variety of key issues relating to your planning that we believe are important to your family's long-term success. Beginning with in-depth Due Diligence of your current situation, this ongoing review and analysis may require Mosaic to lead the implementation of agreed upon planning techniques / ideas. These combined services include, but are not limited to topics and analysis of:

- Risk Management & Asset Protection
- Estate Distribution & Equalization
- Income & Estate Tax Planning
- Cash Flow Analysis & Management
- Balance Sheet Maintenance
- Retirement Planning
- Survivorship Analysis
- Charitable Planning
- Capital Allocation
- Educational Planning
- Family Meetings & Governance
- Financial Literacy for Family Members
- Life Insurance Review
- P&C Insurance Audit
- Secure Vault for Documents
- Personal/Business Financing Strategy
- Business Succession & Transition
- Alignment of Succession Plan w/ Estate Plan
- Buy / Sell & Key Man Planning
- Mergers & Acquisitions
- Corp. Structure & Pre- Transaction Planning
- Strategic Planning Facilitation
- Business Leadership Continuity/Succession
- Entity Structure/Asset Ownership
- Family Office Structure & Internal Controls
- Professional Team Meetings
- Plan Compliance
- Entity Minutes and annual meeting

- (c) **Investment Consulting & Portfolio Oversight**: This Service encompasses the review, analysis, monitoring, and management of both public and private investments, regardless of who manages them or where the assets are held in custody. A general list of the Investment Consulting & Portfolio Management Services includes:

- Design and communicate a global asset allocation strategy.
- Provide a single point of contact with professional investment managers.
- Review, monitor, and benchmark performance of outside investment managers.
- Perform due diligence on new investment opportunities, both public and private.
- Aggregate fee analysis for all investment accounts.
- Cost basis and tax planning among investment advisors.

- Maintain cash management program to meet liquidity needs.
- Coordinate annual meetings with investment managers to review performance and strategy.
- Provide alternatives to underperforming or non-aligned investment managers.
- Recommend allocation for new investment dollars which aligns with risk-adjusted goals.

The scope of the engagement is defined individually. All Strategic Advisory Services and the fees for these services shall be rendered pursuant to a written agreement describing the scope of services to be rendered and the fees to be charged and must be signed by the parties.

### Investment Advisory Services

Mosaic provides investment advisory and consulting services on a discretionary or non-discretionary basis to individuals, trusts, estates, and charitable organizations on a fee basis. Investment advice and portfolio management services are provided on a continuing basis including the appropriate allocation of managed assets among cash, stocks, mutual funds, and bonds. This selection of specific securities will provide proper diversification and help to meet the client's stated investment objectives, although you may impose restrictions on us with respect to investing in certain securities or types and classes of securities. These portfolio management services include the following services:

- Portfolio management services for individuals
- Portfolio management services for private and public companies
- Portfolio management services for trusts
- Portfolio management services for endowments and foundations
- Portfolio management services for Registered Investment Advisors
- Portfolio management for institutional clients (other than investment companies)

**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 or not 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 and Non-Investment Consulting/Implementation Services:** To the extent requested by the client, Mosaic will generally provide financial planning, and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. on a 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** prepare estate-planning documents or 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 as a result 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, or both. **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 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 and 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, 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.

**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 systems to reduce the risk of cybersecurity incidents from coming to fruition, 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 may provide investment advisory services relative to the client's 401(k) plan assets. Mosaic is limited to making recommendations regarding 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 the 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, in the event that 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 of 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. The sole exception to the above shall be if Mosaic is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), 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 that 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.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few 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.

**Please Note: Cash Positions.** Mosaic continues to treat 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

**Use of Independent Managers.** Mosaic may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") including Eaton Vance/Parametric Portfolio Associates, 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:** As of December 31, 2022, Mosaic had \$352,902,319 in assets under management, \$334,156,642 on a discretionary basis and \$18,745,677 on a non-discretionary basis.

## Item 5 Fees and Compensation

### Type of Compensation

#### Financial Planning Fees

Financial planning fees are typically broken into two distinct services – Due Diligence Service and Plan Design and Implementation Services. Our Due Diligence Service is a stand-alone offering and provides a thorough look of your financial and business life. This approach affords valuable insights into the inner workings of your financial/business plan and puts into context the areas that could negatively impact your ability to preserve or enhance your wealth. Fees for Due Diligence service are based upon complexity and are negotiable at our discretion, which can result in different fees being charged for families similar in makeup and objectives. In making a final decision on the fee negotiated, a number of factors are taken into consideration including the anticipated complexity of the services and the anticipated amount of work that will be involved.

Plan Design and Implementation Services are offered on a fixed-fee basis and are payable quarterly, based on the complexity of your net worth, estate value, complexion of assets, portfolio, planning goals, and family dynamics. Fees for such services are negotiable, which can result in different fees being charged for families similar in makeup and objectives. This fee is due as outlined in our Plan Design & Implementation Services Agreement, or before the financial planning process begins, unless otherwise agreed to in writing. The fee shall be fully earned and non-refundable upon delivery of the initial written plan.



Additionally, our compensation for planning services does not include any legal, tax, valuation, or other professional services fees, which may be necessary to implement your financial plan. Licensed tax, legal and valuation advisors may be required for ultimate implementation and these fees are separate and apart from our Engagement agreement and payable directly to each respective vendor. Our advice is not ongoing and may terminate upon delivery of the financial plan to you.

### **Investment Advisory Fees**

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

### **Strategic Advisory Fees**

Strategic Advisory services are offered on a negotiated fixed fee basis. Most of our clients are charged in accordance with this fixed fee structure. Strategic Advisory Services fees, agreed upon by all parties at the outset of the engagement and each year following, as outlined in our Strategic Advisory Services Agreement. Strategic Advisory Fees are payable quarterly in advance. Our fees are negotiable at our discretion, which can result in different fees being charged for families similar in makeup and objectives. In making a final decision on the fee negotiated and the billing platform utilized, a number of factors are taken into consideration including the anticipated complexity of the services and the anticipated amount of work that will be involved. This fee is due as outlined in our Strategic Advisory Services Agreement.

Additionally, our compensation for Strategic Advisory services does not include any legal, tax, valuation, or other professional services fees, which may be necessary to complete the services outlined above. Licensed tax and legal advisors may be required for ultimate implementation and these fees are separate and apart from our services agreement and payable directly to each respective vendor.

Generally, in relation to legacy client relationships and their family members, Mosaic is compensated based on a percentage of assets under management. Based upon the billing platform utilized, the advisory fee is payable either quarterly, in advance or in arrears, or monthly in arrears. For accounts billed in arrears, the advisory 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 advisory 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 advisory fee will be prorated based on the number of days that the account was open during the respective period. We will also adjust our advisory fee in a pro rata fashion for any additions to, or withdrawals from managed accounts. Our 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, a number of 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 assets under management on an aggregate basis, and other factors that are deemed at the time to be relevant. The fee schedule range is generally set forth below for all Model Portfolios.

Tiered Fee Schedule	Annual Fee
On the First \$2,500,000 (\$0.00 - \$2,500,000)	1.00%
On the Next \$5,000,000 (\$2,500,000.01 - \$5,000,000)	0.75%
On the Next \$7,500,000 (\$5,000,000.01 - \$7,500,000)	0.60%
On the Next \$10,000,000 (\$7,500,000.01 - \$10,000,000)	0.50%
On the Next \$15,000,000 (\$10,000,000.01 - \$15,000,000)	0.45%
On the Next \$20,000,000 (\$15,000,000.01 - \$20,000,000)	0.40%
On the Next \$30,000,000 (\$20,000,000.01 - \$30,000,000)	0.35%
On the Next \$40,000,000 (\$30,000,000.01 - \$40,000,000)	0.30%
On the Next \$50,000,000 (\$40,000,000.01 - \$50,000,000)	0.25%
Above \$50,000,000	0.20%

### 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 a number of 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.

Strategic Advisory Services or Financial Planning: 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 us to provide a combination of investment advisory, planning/consulting services and/or administrative 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, planning/consulting and/or administrative services to be rendered. Because we generally price our combined services engagements based upon these factors, similarly situated clients pay diverse fees, and the services to be provided by Mosaic to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

### Item 6 Performance-Based Fees and 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 offer financial planning services to the following types of clients:

- High Net Worth Individuals
- High Net Worth Families
- Private Companies
- Entrepreneurs
- Family Offices
- Registered Investment Advisors
- Private Foundations
- Trusts
- Estates
- Multi Family Offices
- Public Companies
- Retirement Plans
- Public Charities

Mosaic, in its sole discretion, may reduce its investment management fee a 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 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 and 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 in an effort 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 time-frame 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, or spreading strategies. 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 of time. 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 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 as a result 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.

## **Equity (Stock) Market 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 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.

## **Fixed Income Risk**

When investing in bonds, there is the risk that 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 on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are 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 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 and 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.

#### **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 insurance products on a commission compensation basis. Mosaic Insurance Agency LLC is owned 100% 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 % 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 investment advisory fee. 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 impose 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 in a position 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**

In the event that 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 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 effect 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 and 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 as a result of this arrangement. There is no corresponding commitment made by Mosaic to Schwab, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as 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:** In the event that 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 Firm 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 clients 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. Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13 Review of Accounts**

### **Account Review**

Carey Kesner or his designee will review all accounts on an annual basis and compare each investment on a transaction basis to insure that each transaction is: (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 warrants, 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 and Other Compensation

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

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 advisory clients of Mosaic, Mosaic Insurance Agency will 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 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 at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 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

We usually receive discretionary authority from you at the outset of an advisory 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 particular 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**

As a matter of firm policy and practice, Mosaic does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client 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**

We are 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 commitment that impairs its 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**

At Mosaic, we do not disclose nonpublic personal information about our individual 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](mailto:carey@mosaicadvisors.com).

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