

September 30, 2005

# Mosaic

## *Tax-Free Trust*

Mosaic Arizona Tax-Free Fund

Mosaic Missouri Tax-Free Fund

Mosaic Virginia Tax-Free Fund

Mosaic Tax-Free National Fund



[www.mosaicfunds.com](http://www.mosaicfunds.com)

tax-free trust

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# Management's Discussion of Fund Performance



*Michael J. Peters*

The annual period ended September 30, 2005 saw positive returns for all of the funds in Mosaic Tax-Free Trust, but at a level that was below last year's, and not near the exceptional returns we had witnessed from 2000 through 2002. One-year total returns were: 1.19%

for Tax-Free National; 0.97% for Tax-Free Arizona; 1.56% for Tax-Free Missouri; and 1.94% for Tax-Free Virginia. Over the same period, the Lipper General Municipal Debt Index was up 4.29%. A large part of the relative performance story was the variance in returns by maturity. The intermediate range of municipal bonds had returns only marginally better than short-term tax-free bonds, and had returns well behind long-term municipal bonds. This can be seen in the results of the Lipper Intermediate Municipal Fund Index, which was up 2.16% for the period, while the Lipper Short-Intermediate Municipal Debt Index was up 1.84%.

Meanwhile, the portion of the Lehman Brothers Municipal Bond Index that was 22-years in maturity or longer was up 8.49%.

Although historically the portfolios in Tax-Free Trust approached or met the definition of long-term bonds, current holdings place the funds squarely in the intermediate category. This positioning is designed to help the funds relative performance should rates rise—a scenario we believe is likely. Another factor our funds underperformed was the outperformance of lower-grade municipals while we have always emphasized high-quality bonds. The Lipper High Yield Municipal Debt Fund Index was up 7.25% for the one-year period.

On the positive side, high-quality municipal bonds continue to show their benefits for investors who seek relative safety and regular income. At the end of this one-year period, the funds in Tax-Free Trust had five-year annualized returns ranging from 4.73% to 5.28%, a period in which the stock market, as measured by the S&P 500, lost an annualized -1.49%. Yields have also generally moved up over the past year, with the funds' 30-day SEC yields ranging from 2.36% to 2.57%, and tax-equivalent yields of 3.82% to 4.19%.

Shareholders should be aware that the damage wrought by this fall's hurricanes should not have a direct effect on any of our Tax-Free portfolios. The Tax-Free National has a small exposure to bond issuance in the affected states. Credit ratings on these issues have remained sound and the insurance that backs many of these issues appears well-funded.

## Economic Overview and Outlook

As we entered this annual period, in the fall of 2004, the economy was well past the recession of 2001 and 2002, and deep enough into recovery to produce doubts about its continuance. This was reflected in stock market returns, which were robust in 2003 and solid in 2004. However, the expansion ran into headwinds in 2005, particularly the steady ramp-up in Fed rates, the Gulf hurricanes, and growing indications of inflation—most prominently displayed in soaring energy prices. Hurricanes Katrina and Rita will impact the U.S. economy for months to come, yet initial fears that record property damage and sharply higher energy costs would plunge the economy into recession seem misplaced. Federal and

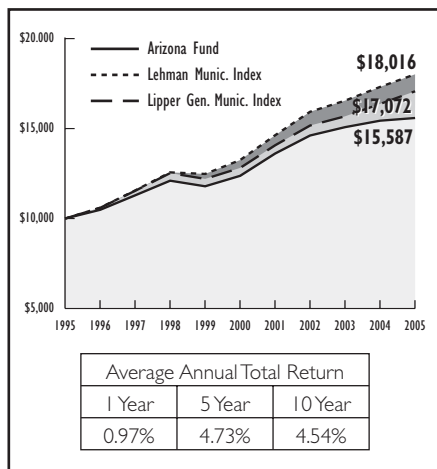
private agencies have stepped in with a broad array of fiscal aid that could add significantly to growth once rebuilding begins.

Even before Katrina and Rita, inflation was gradually creeping up due to cyclical demand factors. The hurricanes acted as a "supply shock" that could have broad inflationary consequences. Along with energy – concrete, lumber, copper, iron, and steel have also moved higher anticipating rebuilding demand. As a result, we expect inflation to continue moving higher, perhaps at an accelerated pace. The Federal Reserve, despite intense political pressure, appears content to continue raising interest rates. While the future path of the Fed Funds rate is less clear, we believe the Federal Reserve will follow a prudent course of continued monetary tightening unless the economic fallout from the hurricanes proves surprisingly large. While Katrina and Rita have introduced additional uncertainty into the economic outlook, we remain committed to pursuing a conservative risk posture at this juncture given our expectation of higher interest rates in the months to come.

## ARIZONA FUND

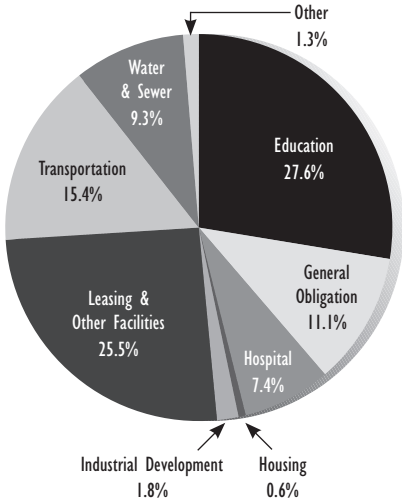
Arizona continues to enjoy a strong, well-diversified service and tourism based economy. The state does not have a credit rating because it does not issue general obligation bonds. The Fund had a total return of 0.97% for the annual period and the 30-day SEC yield was 2.36% as of September 30, 2005. The duration of the portfolio was 4.62 years while the average credit quality remained at AA. Arizona ranked 13th in the country in terms of issuance on a year-to-date basis.

### COMPARISON OF CHANGES IN THE VALUE OF A \$10,000 INVESTMENT WITH THE LEHMAN MUNICIPAL BOND INDEX AND LIPPER GENERAL MUNICIPAL BOND INDEX FOR MOSAIC ARIZONA FUND

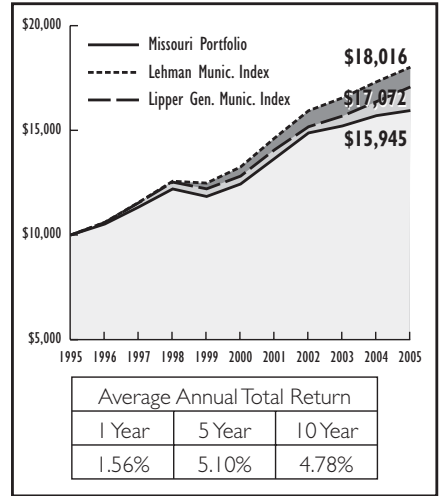


*Past performance is not predictive of future performance. Graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

**INDUSTRY DIVERSIFICATION AS OF SEPTEMBER 30, 2005 FOR MOSAIC ARIZONA FUND**



**COMPARISON OF CHANGES IN THE VALUE OF A \$10,000 INVESTMENT WITH THE LEHMAN MUNICIPAL BOND INDEX AND LIPPER GENERAL MUNICIPAL BOND INDEX FOR MOSAIC MISSOURI FUND**

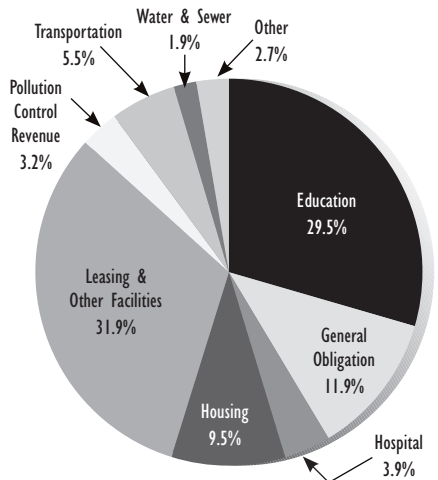


**MISSOURI FUND**

Missouri has a broad-based and diversified economy that is service-sector oriented. The State's general obligation bonds are rated AAA. The Fund had a total return of 1.56% for the annual period and the 30-day SEC yield was 2.49% as of September 30, 2005. The duration of the portfolio was 5.6 years while the average credit quality was maintained at AA. Missouri ranked 19th in the country in terms of issuance on a year-to-date basis.

*Past performance is not predictive of future performance. Graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

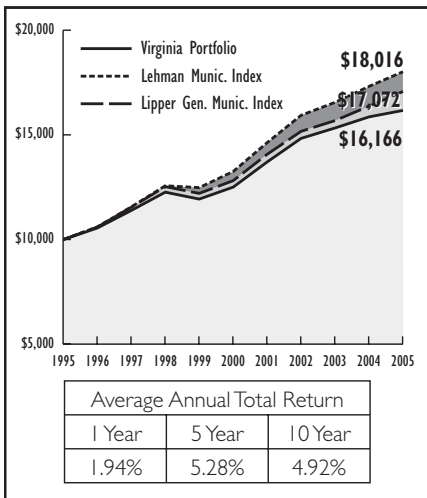
**INDUSTRY DIVERSIFICATION AS OF SEPTEMBER 30, 2005 FOR MOSAIC MISSOURI FUND**



**VIRGINIA FUND**

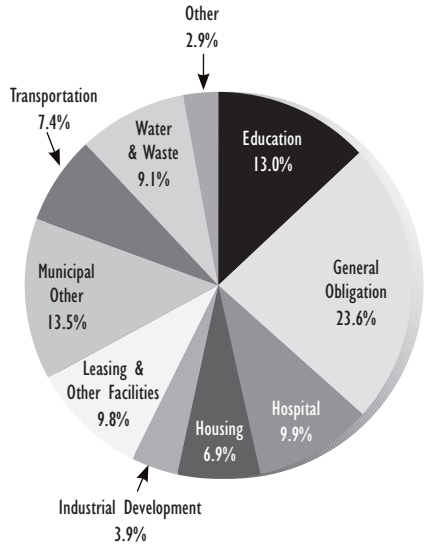
The Commonwealth of Virginia maintains an AAA general obligation bond rating based on a well-diversified economy that emphasizes services and government. The Fund had a total return of 1.94% for the annual period and the 30-day SEC yield was 2.57% as of September 30, 2005. The duration of the portfolio was 6.05 years while the average credit quality was maintained at AA. Purchases during the period included the Virginia Commonwealth Transportation Board and Fairfax County Economic Development Authority for the School Board Administration Building. Virginia ranked 12th in the country in terms of issuance on a year-to-date basis.

**COMPARISON OF CHANGES IN THE VALUE OF A \$10,000 INVESTMENT WITH THE LEHMAN MUNICIPAL BOND INDEX AND LIPPER GENERAL MUNICIPAL BOND INDEX FOR MOSAIC VIRGINIA FUND**



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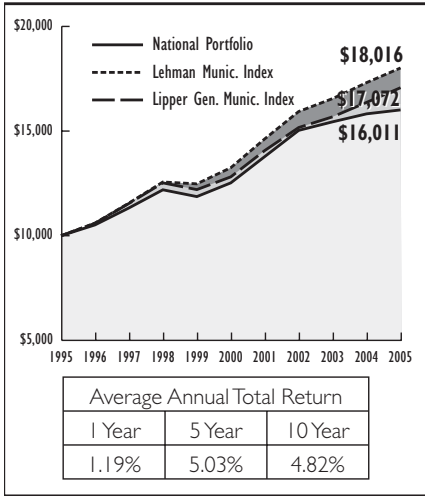
**INDUSTRY DIVERSIFICATION AS OF SEPTEMBER 30, 2005 FOR MOSAIC VIRGINIA FUND**



**NATIONAL FUND**

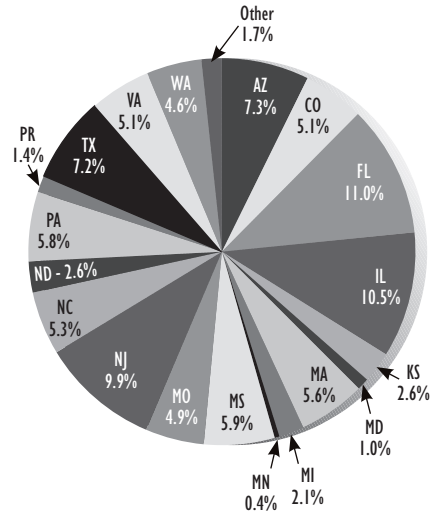
The National Fund had a total return of 1.19% for the annual period and the 30-day SEC yield was 2.54% as of September 30, 2005. The duration of the portfolio was 6.15 years while approximately 78% of the portfolio held Moody's top Aaa rating. Purchases made during the period included Tucson, Arizona General Obligation bonds and Grays Harbor County, Washington Public Utility District. The United States and its territories have issued \$309.5 billion in muni bonds year-to-date through the end of September which represents a 15.1% increase in volume over the same period last year.

**COMPARISON OF CHANGES IN THE VALUE OF A \$10,000 INVESTMENT WITH THE LEHMAN MUNICIPAL BOND INDEX AND LIPPER GENERAL MUNICIPAL BOND INDEX FOR MOSAIC NATIONAL FUND**



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**STATE DIVERSIFICATION AS OF SEPTEMBER 30, 2005 FOR MOSAIC NATIONAL FUND**



We appreciate your confidence in Mosaic Funds and reaffirm our commitment to provide you with competitive returns to meet your investment objectives.

Sincerely,

Michael J. Peters, CFA  
Vice-President

# Report of Independent Registered Public Accounting Firm

## TO THE BOARD OF TRUSTEES AND SHAREHOLDERS OF MOSAIC TAX-FREE TRUST

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments of the Mosaic Tax-Free Trust (the "Trust"), including the Mosaic Arizona Tax-Free Fund, Mosaic Missouri Tax-Free Fund, Mosaic Virginia Tax-Free Fund and Mosaic National Tax-Free Fund (collectively, the "Funds"), as of September 30, 2005 and the related statements of operations for the year then ended and the statements of changes in net assets and the financial highlights for each of the two years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial highlights for each of the three years in the period ended September 30, 2003, were audited by other auditors. Those auditors expressed an unqualified opinion on those financial highlights in their report dated November 11, 2003.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of September 30, 2005 by correspondence with the Funds' custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the Funds constituting the Trust as of September 30, 2005, and the results of their operations for the year then ended and the changes in their net assets and financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



Chicago, Illinois  
November 4, 2005



# Arizona Fund • Portfolio of Investments

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>LONG TERM MUNICIPAL BONDS:</b> 98.7% of net assets				
<b>EDUCATION:</b> 27.6%				
Aa3	AA	Maricopa County Unified School District #210 (Phoenix), 5.375%, 7/1/13	\$200,000	\$ 205,630
Aaa	AAA	Maricopa County Unified School District #41 (Gilbert), 5.8%, 7/1/14	250,000	288,073
Baa2	nr	Maricopa County, Unified School District #090 Saddle Mountain, 5%, 7/1/14	75,000	76,935
Aaa	AAA	Mohave County Elementary School District #16 (Mohave Valley) (MBIA Insured), 5.375%, 7/1/13	100,000	104,128
Aaa#	AAA	Mohave County Elementary School District #1 (Lake Havasu) (FGIC Insured), 5.9%, 7/1/15	150,000	154,794
Aaa	AAA	Pima County Unified School District #10 (Amphitheater), (FGIC Insured), 5.1%, 7/1/11	190,000	202,962
Aaa	AAA	Pima County, Arizona School District, (MBIA Insured), 5%, 7/1/09	125,000	128,179
Aaa	AAA	University of Arizona, (AMBAC Insured) 5%, 6/1/17	125,000	132,685
Aaa	AAA	University of Arizona Board of Regents, (FGIC Insured) 5.8%, 6/1/24	275,000	302,714
<b>GENERAL OBLIGATION:</b> 11.1%				
Baa2	BBB	Puerto Rico Commonwealth, 6.5%, 7/1/14	320,000	378,486
Aa3	AA	Tucson Recreational Facility Improvements, 5.25%, 7/1/19	250,000	267,912
<b>HOSPITAL:</b> 7.4%				
Aaa#	AAA	Arizona Health Facilities Authority, Hospital Revenue (Phoenix Baptist Hospital) (MBIA Insured), 6.25%, 9/1/11	155,000	162,744
Aaa	AAA	Pima County Industrial Development Authority Revenue (Refunding Bonds), 5.625%, 4/1/14	250,000	262,950
<b>HOUSING:</b> 0.6%				
Aaa	nr	Maricopa County Industrial Development Authority, Single Family Mortgage Revenue, 4.3%, 12/1/06	35,000	35,034
<b>INDUSTRIAL DEVELOPMENT:</b> 1.8%				
Aaa	AAA	Phoenix Civic Improvement Corp. Excise Tax, 4.5%, 7/1/08	100,000	103,565

The Notes to Financial Statements are an integral part of these statements.

Arizona Fund • Portfolio of Investments • September 30, 2005 (concluded)

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>LEASING AND OTHER FACILITIES: 25.5%</b>				
Aaa	AAA	Arizona Board of Regents Certificate Participation, (AMBAC Insured), 5.5%, 6/1/13	\$320,000	\$ 351,360
Baa1	nr	Arizona Tourism & Sports Authority Tax Revenue Bond, 5%, 7/1/16	100,000	101,661
A1	A+	Greater Arizona Development Authority Infrastructure Revenue Bond, 4.85%, 8/1/20	300,000	309,237
Aaa	nr	Maricopa County Public Corp. Lease Revenue Bond, (AMBAC Insured), 5.5%, 7/1/10	280,000	306,032
Aaa	nr	Maricopa County Stadium Revenue Bond, (AMBAC Insured), 5.25%, 6/1/12	250,000	274,830
Aaa	AAA	Rio Nuevo Multipurpose Facilities, Certificate Participation, (FGIC Insured), 4.5%, 7/1/08	125,000	129,290
<b>TRANSPORTATION: 15.4%</b>				
Aa3	AA-	Arizona Transportation Board, Grant Antic, 5%, 7/1/13	135,000	146,993
Aaa	AAA	Flagstaff Street and Highway User Revenue, Junior Lien (FGIC Insured), 5.9%, 7/1/10	500,000	556,340
Aaa	AAA	Mesa Street and Highway Revenue Bond, (FSA Insured), 4%, 7/1/14	130,000	131,992
Aaa	AAA	Phoenix Street and Highway User Revenue Bond (FGIC Insured), 5.25%, 7/1/10	50,000	54,220
<b>WATER AND SEWER: 9.3%</b>				
Aa3	AA	Buckeye Water and Sewer Improvements, 5.45%, 1/1/10	235,000	251,553
Aaa	AAA	Mesa Recreational, Water and Sewer Improvements (FGIC Insured), 6.5%, 7/1/10	250,000	284,697
<b>TOTAL INVESTMENTS</b> (Cost \$5,417,090)				\$5,704,996
<b>CASH AND RECEIVABLES LESS LIABILITIES:</b> 1.3% of net assets				77,096
<b>NET ASSETS: 100%</b>				<u>\$5,782,092</u>

The Notes to Financial Statements are an integral part of these statements.

# Missouri Fund • Portfolio of Investments

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>LONG TERM MUNICIPAL BONDS:</b> 97.3% of net assets				
<b>EDUCATION:</b> 29.5%				
Aaa	AAA	Jackson County Reorg School District #7, Lees Summit, (FSA Insured), 5.25%, 3/1/14	\$300,000	\$ 327,186
Aa2	nr	Jefferson County School District, 6.7%, 3/1/11	200,000	221,864
Aaa	AAA	Mehlville School District R-9, Certificate Participation, (FSA Insured), 5%, 9/1/19	300,000	317,379
nr	AA+	Normandy School District General Obligation, 5.4%, 3/1/18	325,000	341,110
Aa1	AA+	North Kansas City School District, 4.25%, 3/1/16	300,000	307,659
Aa1	AA+	Platte County School District Park Hill, 5.5%, 3/1/14	300,000	309,651
nr	AA+	Polk County School District R-1 Bolivar, 5%, 3/1/21	110,000	118,108
Aaa	AAA	St. Louis Board of Education, 5.5%, 4/1/10	275,000	300,289
<b>GENERAL OBLIGATION:</b> 11.9%				
Aa2	nr	Lees Summit, 4.7%, 4/1/21	325,000	335,348
Baa2	BBB	Puerto Rico Commonwealth Public Improvement, 6.5%, 7/1/14	480,000	567,730
<b>HOSPITAL:</b> 3.9%				
Aa2	AA+	Missouri State Certificate Participation, Rehabilitation Center, 6%, 11/1/15	115,000	115,276
Aaa	AAA	Missouri State Health & Educational Facilities Revenue, (MBIA Insured) 6.4%, 6/1/10	165,000	185,912
<b>HOUSING:</b> 9.5%				
Aa3	AA	Puerto Rico Housing Finance Authority, 4.5%, 12/1/09	150,000	156,279
nr	AAA#	St. Louis County Mortgage Revenue (AMT), 5.65%, 2/1/20	500,000	569,285
<b>LEASING AND OTHER FACILITIES:</b> 31.9%				
A1	nr	Greene County Certificate Participation, 5.25%, 7/1/11	300,000	322,047
Aa3	nr	Jackson County Missouri, Public Building Corp. Leasehold Revenue, 5.1%, 11/1/12	200,000	212,784
Aaa	AAA	Missouri Development Financial Board Cultural Facilities Revenue Bond, (MBIA Insured), 5.25%, 12/1/17	350,000	378,402
Baa1	BBB+	Missouri Development Financial Board Infrastructure Facilities Revenue Bond, 4.3%, 12/1/12	225,000	222,804
Aa1	AA+	Missouri State Board Public Buildings, 4%, 12/1/10	75,000	77,324

The Notes to Financial Statements are an integral part of these statements.

Missouri Fund • Portfolio of Investments • September 30, 2005 (concluded)

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>LEASING AND OTHER FACILITIES: (continued)</b>				
Aa3	nr	Springfield Public Building Corp. Leasehold Revenue Bond, 4.7%, 5/1/12	\$ 175,000	\$ 183,195
Aaa	AAA	Springfield Public Building Corp. Leasehold Revenue Bond, 5.8%, 6/1/13	275,000	302,561
Aaa	nr	St. Louis Municipal Finance Corporation, Leasehold Revenue Bond (AMBAC Insured), 5.75%, 2/15/17	300,000	332,991
Aaa	AAA	St. Louis Parking Facilities Revenue (MBIA Insured), 5.375%, 12/15/06	375,000	391,868
<b>POLLUTION CONTROL REVENUE: 3.2%</b>				
A1	A+	St. Louis Industrial Development Authority Pollution Control Revenue, 6.65%, 5/1/16	200,000	247,860
<b>TRANSPORTATION: 5.5%</b>				
Aa2	AAA	Missouri State Highway & Transportation, Street & Road Revenue, 5.25%, 2/1/20	250,000	268,928
nr	AA-	Platte County Industrial Development Authority, Zona Rosa Retail Project, 3.75%, 12/1/13	150,000	147,817
<b>WATER AND SEWER: 1.9%</b>				
Aaa	nr	Jefferson County Public Water Supply District Number C-1 (AMBAC Insured), 5.25%, 12/1/16	130,000	142,474
<b>TOTAL INVESTMENTS (Cost \$6,954,152)</b>				<b>\$7,404,131</b>
<b>CASH AND RECEIVABLES LESS LIABILITIES:</b> 2.7% of net assets				<u>201,728</u>
<b>NET ASSETS: 100%</b>				<u>\$7,605,859</u>

The Notes to Financial Statements are an integral part of these statements.

## Virginia Fund • Portfolio of Investments

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>LONG TERM MUNICIPAL BONDS:</b> 97.1% of net assets				
<b>EDUCATION:</b> 13%				
Aa1	AA+	Fairfax County Economic Development Authority, Facilities Revenue, 5%, 4/01/21	\$1,000,000	\$1,073,410
A2	nr	Loudoun County Industrial Development Authority, University Facilities Revenue (George Washington University), 6.25%, 5/15/22	500,000	502,110
nr	A	Roanoke County Industrial Development Authority, (Hollins College), 5.25%, 3/15/23	900,000	944,640
Aa2	AA	Virginia College Building Authority, Educational Facilities Revenue (Washington And Lee University), 5.75%, 1/1/14	20,000	20,158
Aa1	AA+	Virginia College Building Authority, Educational Facilities Revenue (Washington And Lee University), 5.25%, 8/1/16	200,000	207,790
Aaa	AAA	Virginia Polytech Institute & State University Revenue, 5%, 6/1/14	775,000	849,601
<b>GENERAL OBLIGATION:</b> 23.6%				
Aaa	AAA	Alexandria, 5%, 1/1/16	200,000	221,262
Aaa	AAA	Arlington County, 5%, 2/1/19	250,000	264,320
Aaa#	AAA	Culpepper County, (Prerefunded 1/15/10 @ 101) 6%, 1/15/21	500,000	559,040
Aaa#	AA+	Loudoun County, (Prerefunded 5/1/12 @ 100) 5.25%, 5/1/13	620,000	683,959
Aaa	AA+	Loudoun County, 5.25%, 5/1/13	130,000	142,851
Aaa	AA+	Loudoun County, 5%, 10/1/13	500,000	549,315
Aa3	AA	Lynchburg, 5.7%, 6/1/25	1,170,000	1,301,321
Aa2	AA	Newport News, 5%, 5/1/18	820,000	887,937
Baa2	BBB	Puerto Rico Commonwealth, 6.5%, 7/1/14	1,115,000	1,318,789
Aa1	AA+	Virginia Beach, 5%, 3/1/12	540,000	587,396
<b>HOSPITAL:</b> 9.9%				
Aaa	AAA	Danville Industrial Development Authority, Hospital Revenue (Danville Regional Medical Center) (AMBAC Insured) 5%, 10/1/10	250,000	268,450
Aa2	AA+	Fairfax County Industrial Development Authority Revenue Bond, 6%, 8/15/26	500,000	522,865
Aaa	AAA	Hanover County Industrial Development Authority, Revenue Bon Secours Health System (MBIA Insured), 6%, 8/15/10	640,000	714,554

The Notes to Financial Statements are an integral part of these statements.

Virginia Fund • Portfolio of Investments • September 30, 2005 (continued)

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>HOSPITAL:</b> (continued)				
Aaa#	nr	Prince William County Industrial Development Authority, Hospital Revenue, (Prerefunded 10/1/05 @ 102), 6.85%, 10/1/05	\$ 85,000	\$ 86,700
Aaa	AAA	Roanoke Industrial Development Authority, Hospital Revenue (Carilion Health Systems) (MBIA Insured), 5.5%, 7/1/16	500,000	556,050
Aaa	AAA	Roanoke Industrial Development Authority, Hospital Revenue (Roanoke Memorial Hospitals) (MBIA Insured), 6.125%, 7/1/17	500,000	595,615
<b>HOUSING:</b> 6.9%				
nr	AAA	Fairfax County Redevelopment & Housing Authority, Multi-Family Housing Revenue (Castel Lani Project) (FHA Insured), 5.5%, 4/1/28	425,000	436,883
Aa3	AA	Puerto Rico Housing Finance Authority, 4.5%, 12/1/09	150,000	156,279
nr	AAA	Suffolk Redevelopment & Housing Authority, Multi-Family Housing Revenue, 5.6%, 2/1/33	1,250,000	1,312,612
<b>INDUSTRIAL DEVELOPMENT:</b> 3.9%				
Aaa	nr	Fairfax County Economic Development Authority (National Wildlife Assoc.), 5.25%, 9/1/19	1,000,000	1,070,930
<b>LEASING AND OTHER FACILITIES:</b> 9.8%				
Aa1	AA+	Arlington County Industrial Development Authority Lease Revenue, 5%, 8/1/14	500,000	548,520
Aaa	AAA	Portsmouth Industrial Development Authority Revenue, Hotel Conference Center & Parking, 5.125%, 4/1/17	1,000,000	1,054,700
Aaa	nr	Richmond Industrial Development Authority Government Facilities, 5%, 7/15/13	1,000,000	1,094,900
<b>MUNICIPAL OTHER:</b> 13.5%				
Aaa	AAA	Riverside Regional Jail Authority Revenue, 5%, 7/1/16	500,000	540,115
Aaa	AAA	Southeastern Public Service Authority Revenue, 5%, 7/1/15	1,000,000	1,100,280
Aaa	AAA	Southwest Regional Jail Authority Revenue, (MBIA Insured), 4.5%, 9/1/10	1,000,000	1,052,520
Aa1	AA+	Virginia State Public Building Authority, Public Facilities Revenue, 5%, 8/1/18	1,000,000	1,052,310

The Notes to Financial Statements are an integral part of these statements.

Virginia Fund • Portfolio of Investments • September 30, 2005 (concluded)

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
		<b>TRANSPORTATION: 7.4%</b>		
Aaa	AAA	Richmond Metropolitan Authority Expressway Revenue, (FGIC Insured), 5.25%, 7/15/12	\$ 350,000	\$ 386,876
Aa2	AA	Virginia Commonwealth Transportation Board 5%, 9/27/12	750,000	818,723
Aa2	AA	Virginia State Resources Authority Infrastructure Revenue, 4.75%, 5/1/17	800,000	837,176
		<b>WATER AND SEWER: 9.1%</b>		
Aaa	AAA	Frederick Regional Sewer System Revenue, (AMBAC), 5%, 10/1/15	570,000	628,402
Aaa	AAA	Henry County Water & Sewer Revenue, (FSA Insured), 5.25%, 11/15/13	700,000	781,116
Aaa	AAA/ A-1	Upper Occoquan Sewer; Regional Sewer Revenue, (MBIA Insured), 5.15%, 7/1/20	1,000,000	<u>1,118,760</u>
		<b>TOTAL INVESTMENTS</b> (Cost \$25,747,748)		\$26,849,235
		<b>CASH AND RECEIVABLES LESS LIABILITIES:</b> 2.9% of net assets		<u>799,489</u>
		<b>NET ASSETS:</b> 100%		<u><u>\$27,648,724</u></u>

The Notes to Financial Statements are an integral part of these statements.

## National Fund • Portfolio of Investments

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>LONG TERM MUNICIPAL BONDS:</b> 98.3% of net assets				
<b>ARIZONA:</b> 7.3%				
Aa3	AA-	Arizona Transportation Board, Grant Antic, 5%, 7/1/13	\$ 100,000	\$ 108,884
Aaa	AAA	Maricopa County Unified School District #48 Scottsdale, (FSA), 5%, 7/1/15	300,000	329,058
Aaa	AAA	Rio Nuevo Multipurpose Facilities, Certificate Participation, (FGIC Insured), 4.5%, 7/1/08	1,000,000	1,034,320
Aa3#	AA	Tucson Recreational, (Prerefunded 7/1/09 @ 100), 5.25%, 7/1/18	100,000	107,165
<b>COLORADO:</b> 5.1%				
Aaa	nr	El Paso County School District #020, 5%, 12/15/16	1,005,000	1,091,289
<b>FLORIDA:</b> 11%				
Aaa	nr	First Florida Government Community Revenue Bond, (AMBAC Insured), 5.5%, 7/1/16	1,000,000	1,141,110
Aaa	AAA	Palm Beach County Solid Waste Authority Revenue Bond, (AMBAC Insured), 6%, 10/1/10	1,100,000	1,225,411
<b>ILLINOIS:</b> 10.5%				
Aaa	nr	Grundy County School District #054, General Obligation, (AMBAC Insured), 8.35%, 12/1/07	720,000	793,894
Aaa	AAA	Regional Illinois Transportation Authority, Transit Revenue (AMBAC Insured), 7.2%, 11/1/20	300,000	378,444
Aaa	AAA	University of Illinois Certificates, Utility Infrastructure Projects (MBIA Insured), 5.75%, 8/15/09	1,000,000	1,089,990
<b>KANSAS:</b> 2.6%				
Aa2	AA+	Kansas State Department of Transportation, Hwy Revenue, 6.125%, 9/1/09	500,000	554,245
<b>MARYLAND:</b> 1%				
Aa1	AA+	Anne Arundel County, Solid Waste Projects (AMT), 5.5%, 9/1/16	100,000	102,914
Aaa#	AAA	Maryland State Transportation Authority Transportation Facilities Project Revenue, 6.8%, 7/1/16	90,000	105,300
<b>MASSACHUSETTS:</b> 5.6%				
Aa2	AA	Massachusetts Bay Transportation Authority, Transit Revenue, 7%, 3/1/14	1,000,000	1,204,880

The Notes to Financial Statements are an integral part of these statements.



National Fund • Portfolio of Investments • September 30, 2005 (continued)

CREDIT RATING*			PRINCIPAL	MARKET
MOODY'S	S&P		AMOUNT	VALUE
<b>MICHIGAN: 2.1%</b>				
Aaa	AAA	Redford United School District, (AMBAC Insured), 5%, 5/1/22	\$ 410,000	\$ 451,451
<b>MINNESOTA: 0.4%</b>				
Aa1	AA+	Minnesota State Housing Finance Agency, Housing Revenue (Single-Family Mortgage) (AMT), 6.25%, 7/1/26	75,000	76,430
<b>MISSISSIPPI: 5.9%</b>				
Aaa	AAA	Harrison County Wastewater Management District, Sewer Revenue, (Wastewater Treatment Facilities) (FGIC Insured), 8.5%, 2/1/13	500,000	649,310
Aaa	AAA	Harrison County Wastewater Management District, Sewer Revenue, (Wastewater Treatment Facilities) (FGIC Insured), 7.75%, 2/1/14	500,000	636,050
<b>MISSOURI: 4.9%</b>				
Aa1	AA+	Missouri State Health & Educational Facilities Authority Revenue Bond, 5%, 11/1/09	1,000,000	1,069,370
<b>NEW JERSEY: 9.9%</b>				
Aaa	AAA	New Jersey State Transportation Transit Fund Authority, 5.5%, 12/15/17	1,000,000	1,140,460
Aaa#	AAA	New Jersey State Turnpike Authority Revenue, 6.5%, 1/1/16	850,000	1,007,225
<b>NORTH CAROLINA: 5.3%</b>				
Aaa	AAA	Macon County, 5%, 6/1/13	500,000	546,800
Aa2	AA+	Raleigh, Certificate Participation, Leasing Revenue, 4.75%, 6/1/25	590,000	607,700
<b>NORTH DAKOTA: 2.6%</b>				
Baa2	nr	Grand Forks Health Care Systems Revenue Bond, 7.125%, 8/15/24	500,000	560,725
<b>PENNSYLVANIA: 5.8%</b>				
Aaa	AAA	Lehigh County General Obligation (Lehigh Valley Hospital) (MBIA Insured), 7%, 7/1/16	1,000,000	1,249,790
<b>PUERTO RICO: 1.4%</b>				
Baa2	BBB	Puerto Rico Commonwealth, 6.5%, 7/1/14	85,000	100,535
Aa3	AA	Puerto Rico Housing Finance Authority, 4.5%, 12/1/09	200,000	208,372

The Notes to Financial Statements are an integral part of these statements.

**National Fund • Portfolio of Investments • September 30, 2005 (concluded)**

CREDIT RATING*			PRINCIPAL	MARKET
<u>MOODY'S</u>	<u>S&amp;P</u>		<u>AMOUNT</u>	<u>VALUE</u>
		<b>TEXAS: 7.2%</b>		
Aaa	AAA	Lower Colorado River Authority, Utility Revenue, (AMBAC Insured), 6%, 1/1/17	\$ 305,000	\$ 361,895
Aaa	AAA	North Forest Independent School District, 6%, 8/15/11	1,050,000	1,186,174
		<b>VIRGINIA: 5.1%</b>		
Aaa	AAA	Hanover County Industrial Development Authority Hospital (Bon Secours Health Systems) (MBIA Insured), 6%, 8/15/10	500,000	558,245
Aaa	AAA	Riverside Regional Jail Authority Revenue, 5%, 7/1/16	500,000	540,115
		<b>WASHINGTON: 4.6%</b>		
Aaa	AAA	Grays Harbor County Public Utility #001, Electric Revenue Bond, 5.25%, 7/1/24	605,000	651,295
Aaa	AAA	King County School District #415 Kent, (FSA Insured) 5.5%, 6/1/16	300,000	<u>340,107</u>
<b>TOTAL INVESTMENTS</b> (Cost \$20,099,864)				\$21,208,953
<b>CASH AND RECEIVABLES LESS LIABILITIES:</b>				
1.7% of net assets				<u>367,290</u>
<b>NET ASSETS: 100%</b>				<u><u>\$21,576,243</u></u>

**NOTES TO PORTFOLIOS OF INVESTMENTS:**

#	Refunded or escrowed to maturity
AMBAC	American Municipal Bond Assurance Corporation
AMT	Subject to Alternative Minimum Tax
FGIC	Financial Guaranty Insurance Company
FHA	Federal Housing Administration
FSA	Federal Security Assistance
MBIA	Municipal Bond Investors Assurance Corporation
MOODY'S	Moody's Investors Service, Inc.
nr	Not rated
S&P	Standard & Poor's Corporation
*	Credit ratings are unaudited

The Notes to Financial Statements are an integral part of these statements.

# Statements of Assets and Liabilities

	Arizona Fund	Missouri Fund	Virginia Fund	National Fund
<b>ASSETS</b>				
Investment securities, at value* (Note 1) . . . . .	\$5,704,996	\$7,404,131	\$26,849,235	\$21,208,953
Cash . . . . .	10,646	119,947	428,681	100,707
Receivables				
Interest . . . . .	77,594	91,691	375,296	280,221
Capital shares sold . . . . .	58	--	6,000	--
<b>Total assets</b> . . . . .	<u>5,793,294</u>	<u>7,615,769</u>	<u>27,659,212</u>	<u>21,589,881</u>
<b>LIABILITIES</b>				
Payables				
Dividends . . . . .	5,126	4,667	6,346	5,179
Capital shares redeemed . . . . .	1,201	368	--	1,709
Independent trustee and auditor fees . . . . .	4,875	4,875	4,142	6,750
<b>Total liabilities</b> . . . . .	<u>11,202</u>	<u>9,910</u>	<u>10,488</u>	<u>13,638</u>
<b>NET ASSETS</b> . . . . .	<u>\$5,782,092</u>	<u>\$7,605,859</u>	<u>\$27,648,724</u>	<u>\$21,576,243</u>
<b>Net assets consists of:</b>				
Paid in capital . . . . .	\$5,479,672	\$7,192,652	\$26,517,538	\$20,399,648
Accumulated net realized gains (losses) . . . . .	14,514	(36,772)	29,699	67,506
Net unrealized appreciation on investments . . . . .	287,906	449,979	1,101,487	1,109,089
<b>Net assets</b> . . . . .	<u>\$5,782,092</u>	<u>\$7,605,859</u>	<u>\$27,648,724</u>	<u>\$21,576,243</u>
<b>CAPITAL SHARES OUTSTANDING</b>				
An unlimited number of capital shares, without par value, are authorized. (Note 7) . . . . .	546,922	701,413	2,365,400	1,942,590
<b>NET ASSET VALUE PER SHARE</b> . . . . .	<u>\$10.57</u>	<u>\$10.84</u>	<u>\$11.69</u>	<u>\$11.11</u>
* <b>INVESTMENT SECURITIES, AT COST</b> . . . . .	<u>\$5,417,090</u>	<u>\$6,954,152</u>	<u>\$25,747,748</u>	<u>\$20,099,864</u>

The Notes to Financial Statements are an integral part of these statements.

# Statements of Operations

For the year ended September 30, 2005

	Arizona Fund	Missouri Fund	Virginia Fund	National Fund
<b>INVESTMENT INCOME</b> (Note 1)				
Interest income .....	\$273,007	\$366,900	\$1,190,256	\$972,610
<b>EXPENSES</b> (Notes 2 and 3)				
Investment advisory fees .....	37,523	50,596	175,610	139,039
Other expenses .....	23,114	31,167	101,151	88,985
Independent trustee and auditor fees .....	<u>5,992</u>	<u>5,992</u>	<u>8,983</u>	<u>8,983</u>
<b>Total expenses</b> .....	<u>66,629</u>	<u>87,755</u>	<u>285,744</u>	<u>237,007</u>
<b>NET INVESTMENT INCOME</b>	206,378	279,145	904,512	735,603
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>				
Net realized gain on investments .....	14,514	26,006	39,856	107,954
Change in net unrealized appreciation on investments	<u>(161,226)</u>	<u>(179,413)</u>	<u>(408,050)</u>	<u>(573,777)</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b> .....	<u>(146,712)</u>	<u>(153,407)</u>	<u>(368,194)</u>	<u>(465,823)</u>
<b>TOTAL INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b> .....	<u>\$ 59,666</u>	<u>\$125,738</u>	<u>\$ 536,318</u>	<u>\$269,780</u>

The Notes to Financial Statements are an integral part of these statements.

# Statements of Changes in Net Assets

	Arizona Fund		Missouri Fund	
	Year Ended Sept. 30, 2005	Year Ended Sept. 30, 2004	Year Ended Sept. 30, 2005	Year Ended Sept. 30, 2004
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>				
Net investment income . . . . .	\$ 206,378	\$ 224,135	\$ 279,145	\$ 274,300
Net realized gain on investments . . . . .	14,514	26,223	26,006	8,275
Net unrealized depreciation on investments	<u>(161,226)</u>	<u>(97,901)</u>	<u>(179,413)</u>	<u>(29,885)</u>
<b>Total increase in net assets resulting from operations . . . . .</b>	59,666	152,457	125,738	252,690
<b>DISTRIBUTION TO SHAREHOLDERS</b>				
From net investment income . . . . .	(206,378)	(224,135)	(279,145)	(274,300)
From net capital gains . . . . .	<u>(2,081)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total distributions . . . . .</b>	(208,459)	(224,135)	(279,145)	(274,300)
<b>CAPITAL SHARE TRANSACTIONS (Note 7) . . . . .</b>	<u>(382,269)</u>	<u>(220,245)</u>	<u>(475,455)</u>	415,569
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	(531,062)	(291,923)	(628,862)	393,959
<b>NET ASSETS</b>				
Beginning of year . . . . .	<u>\$6,313,154</u>	<u>\$6,605,077</u>	<u>\$8,234,721</u>	<u>\$7,840,762</u>
End of year . . . . .	<u>\$5,782,092</u>	<u>\$6,313,154</u>	<u>\$7,605,859</u>	<u>\$8,234,721</u>

The Notes to Financial Statements are an integral part of these statements.

## Statements of Changes in Net Assets (concluded)

	Virginia Fund		National Fund	
	Year Ended Sept. 30, 2005	Year Ended Sept. 30, 2004	Year Ended Sept. 30, 2005	Year Ended Sept. 30, 2004
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>				
Net investment income . . . . .	\$ 904,512	\$ 974,849	\$ 735,603	\$ 763,094
Net realized gain on investments . . . . .	39,856	179,191	107,954	120,103
Net unrealized depreciation on investments . . . . .	<u>(408,050)</u>	<u>(203,250)</u>	<u>(573,777)</u>	<u>(327,787)</u>
<b>Total increase in net assets resulting from operations . . . . .</b>	<b>536,318</b>	<b>950,790</b>	<b>269,780</b>	<b>555,410</b>
<b>DISTRIBUTION TO SHAREHOLDERS</b>				
From net investment income . . . . .	(904,512)	(974,849)	(735,603)	(763,094)
From net capital gains . . . . .	<u>(179,348)</u>	<u>(332,133)</u>	<u>--</u>	<u>--</u>
<b>Total distributions . . . . .</b>	<b>(1,083,860)</b>	<b>(1,306,982)</b>	<b>(735,603)</b>	<b>(763,094)</b>
<b>CAPITAL SHARE TRANSACTIONS (Note 7)</b>	<u>39,592</u>	<u>(1,168,003)</u>	<u>(483,527)</u>	<u>(755,845)</u>
<b>TOTAL DECREASE IN NET ASSETS . . . . .</b>	<b>(507,950)</b>	<b>(1,524,195)</b>	<b>(949,350)</b>	<b>(963,529)</b>
<b>NET ASSETS</b>				
Beginning of year . . . . .	<u>\$28,156,674</u>	<u>\$29,680,869</u>	<u>\$22,525,593</u>	<u>\$23,489,122</u>
End of year . . . . .	<u>\$27,648,724</u>	<u>\$28,156,674</u>	<u>\$21,576,243</u>	<u>\$22,525,593</u>

The Notes to Financial Statements are an integral part of these statements.

# Financial Highlights

Selected data for a share outstanding for the periods indicated.

## ARIZONA FUND

	Year Ended September 30,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$10.84	\$10.96	\$11.00	\$10.63	\$10.06
<b>Investment operations:</b>					
Net investment income	0.37	0.37	0.38	0.39	0.42
Net realized and unrealized gain (loss) on investments	<u>(0.27)</u>	<u>(0.12)</u>	<u>(0.04)</u>	<u>0.37</u>	<u>0.57</u>
<b>Total from investment operations</b>	<b>0.10</b>	<b>0.25</b>	<b>0.34</b>	<b>0.76</b>	<b>0.99</b>
Less distributions from net investment income	<u>(0.37)</u>	<u>(0.37)</u>	<u>(0.38)</u>	<u>(0.39)</u>	<u>(0.42)</u>
<b>Net asset value, end of year</b>	<b>\$10.57</b>	<b>\$10.84</b>	<b>\$10.96</b>	<b>\$11.00</b>	<b>\$10.63</b>
<b>Total return (%)</b>	<b>0.97</b>	<b>2.38</b>	<b>3.17</b>	<b>7.37</b>	<b>10.01</b>
<b>Ratios and supplemental data</b>					
<b>Net assets, end of year (in thousands)</b>	\$5,782	\$6,313	\$6,605	\$6,801	\$6,883
Ratio of expenses to average net assets (%)	1.11	1.11	1.11	1.11	1.10
Ratio of net investment income to average net assets (%)	3.44	3.45	3.47	3.69	4.01
Portfolio turnover (%)	0	3	5	15	20

## MISSOURI FUND

	Year Ended September 30,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$11.05	\$11.08	\$11.24	\$10.72	\$10.17
<b>Investment operations:</b>					
Net investment income	0.38	0.38	0.40	0.41	0.43
Net realized and unrealized gain (loss) on investments	<u>(0.21)</u>	<u>(0.03)</u>	<u>(0.16)</u>	<u>0.52</u>	<u>0.55</u>
<b>Total from investment operations</b>	<b>0.17</b>	<b>0.35</b>	<b>0.24</b>	<b>0.93</b>	<b>0.98</b>
Less distributions from net investment income	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.40)</u>	<u>(0.41)</u>	<u>(0.43)</u>
<b>Net asset value, end of year</b>	<b>\$10.84</b>	<b>\$11.05</b>	<b>\$11.08</b>	<b>\$11.24</b>	<b>\$10.72</b>
<b>Total return (%)</b>	<b>1.56</b>	<b>3.23</b>	<b>2.24</b>	<b>8.96</b>	<b>9.79</b>
<b>Ratios and supplemental data</b>					
<b>Net assets, end of year (in thousands)</b>	\$7,606	\$8,235	\$7,841	\$8,569	\$7,943
Ratio of expenses to average net assets (%)	1.08	1.08	1.09	1.08	1.08
Ratio of net investment income to average net assets (%)	3.45	3.45	3.63	3.85	4.06
Portfolio turnover (%)	0	2	17	21	16

The Notes to Financial Statements are an integral part of these statements.

## Financial Highlights (concluded)

Selected data for a share outstanding for the periods indicated.

### VIRGINIA FUND

	Year Ended September 30,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$11.92	\$12.06	\$12.16	\$11.70	\$11.14
<b>Investment operations:</b>					
Net investment income	0.38	0.41	0.45	0.48	0.49
Net realized and unrealized gain (loss) on investments	(0.15)	--	(0.05)	0.46	0.56
<b>Total from investment operations</b>	<b>0.23</b>	<b>0.41</b>	<b>0.40</b>	<b>0.94</b>	<b>1.05</b>
<b>Less distribution from:</b>					
net investment income	(0.38)	(0.41)	(0.45)	(0.48)	(0.49)
net capital gains	(0.08)	(0.14)	(0.05)	--	--
<b>Total distributions</b>	<b>(0.46)</b>	<b>(0.55)</b>	<b>(0.50)</b>	<b>(0.48)</b>	<b>(0.49)</b>
<b>Net asset value, end of year</b>	<b>\$11.69</b>	<b>\$11.92</b>	<b>\$12.06</b>	<b>\$12.16</b>	<b>\$11.70</b>
<b>Total return (%)</b>	<b>1.94</b>	<b>3.46</b>	<b>3.35</b>	<b>8.22</b>	<b>9.62</b>
<b>Ratios and supplemental data</b>					
<b>Net assets, end of year (in thousands)</b>	<b>\$27,649</b>	<b>\$28,157</b>	<b>\$29,681</b>	<b>\$30,080</b>	<b>\$29,747</b>
Ratio of expenses to average net assets (%)	1.02	1.02	1.01	1.01	1.01
Ratio of net investment income to average net assets (%)	3.22	3.41	3.72	4.05	4.26
Portfolio turnover (%)	12	16	31	27	38

### NATIONAL FUND

	Year Ended September 30,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$11.35	\$11.45	\$11.53	\$10.97	\$10.43
<b>Investment operations:</b>					
Net investment income	0.37	0.38	0.38	0.41	0.49
Net realized and unrealized gain (loss) on investments	(0.24)	(0.27)	(0.10)	(0.08)	0.56
<b>Total from investment operations</b>	<b>0.13</b>	<b>0.28</b>	<b>0.30</b>	<b>0.97</b>	<b>1.03</b>
Less distribution from net investment income	(0.37)	(0.38)	(0.38)	(0.41)	(0.49)
<b>Net asset value, end of year</b>	<b>\$11.11</b>	<b>\$11.35</b>	<b>\$11.45</b>	<b>\$11.53</b>	<b>\$10.97</b>
<b>Total return (%)</b>	<b>1.19</b>	<b>2.47</b>	<b>2.72</b>	<b>9.08</b>	<b>10.03</b>
<b>Ratios and supplemental data</b>					
<b>Net assets, end of year (in thousands)</b>	<b>\$21,576</b>	<b>\$22,526</b>	<b>\$23,489</b>	<b>\$24,274</b>	<b>\$24,417</b>
Ratio of expenses to average net assets (%)	1.07	1.07	1.07	1.07	1.06
Ratio of net investment income to average net assets (%)	3.31	3.31	3.37	3.70	4.48
Portfolio turnover (%)	9	28	21	56	53

The Notes to Financial Statements are an integral part of these statements.



# Notes to Financial Statements

*Selected data for a share outstanding for the periods indicated.*

**1. Summary of Significant Accounting Policies.** Mosaic Tax-Free Trust (the "Trust") is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 as an open-end, diversified investment management company. The Trust maintains four separate funds (described in the following sentences and defined as the "Funds") which invest principally in securities exempt from federal income taxes, commonly known as "municipal" securities. The Arizona, Missouri and Virginia Funds (the "State Funds") invest solely in securities exempt from both federal and state income taxes in their respective states. The National Fund invests in securities exempt from federal taxes. The National Fund and the State Funds invest in intermediate and long-term securities. Because the Trust is 100% no-load, the shares of each fund are offered and redeemed at the net asset value per share.

*Securities Valuation:* The State and National Funds value securities having maturities of 60 days or less at amortized cost, which approximates market value. Securities having longer maturities, for which market quotations are readily available are valued at the mean between their bid and ask prices. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures approved by the Board of Trustees.

*Investment Transactions:* Investment transactions are recorded on a trade date basis. The cost of investments sold is determined on the identified cost basis for financial statement and Federal income tax purposes.

*Investment Income:* Interest income is recorded on an accrual basis. Bond premium is amortized and original issue discount and market discount are accreted over the expected life of each

applicable security using the effective interest method.

*Distribution of Income and Gains:* Distributions are recorded on the ex-dividend date. Net investment income, determined as gross investment income less total expenses, is declared as a regular dividend and distributed to shareholders monthly. Capital gain distributions, if any, are declared and paid annually at calendar year-end. Additional distributions may be made if necessary. Distributions paid during the years ended September 30, 2005 and 2004 were identical for book purposes and tax purposes.

The tax character of distributions paid for the Virginia Fund was \$10,506 short-term and \$168,842 long-term for the year ended September 30, 2005 and \$0 short-term and \$332,133 long-term the year ended September 30, 2004. The Arizona Fund distributed \$0 short-term and \$2,081 long-term for the year ended September 30, 2005 and had no taxable short-term or long-term capital gain distributions for the year ended September 30, 2004. The Missouri and National Funds distributed no taxable short-term or long-term capital gains as of the years ended September 30, 2005 and 2004.

As of September 30, 2005 the components of distributable earnings on a tax basis were as follows:

**Arizona Fund:**

Accumulated net realized gains	\$ 14,514
Net unrealized appreciation on investments	287,906
	<u>\$ 302,420</u>

**Missouri Fund:**

Accumulated net realized losses	\$ (36,772)
Net unrealized appreciation on investments	449,979
	<u>\$ 413,207</u>

## Notes to Financial Statements (continued)

### Virginia Fund:

Accumulated net realized gains	\$ 29,699
Net unrealized appreciation	
on investments	<u>1,101,487</u>
	\$1,131,186

### National Fund:

Accumulated net realized gains	\$ 67,506
Net unrealized appreciation	
on investments	<u>1,109,089</u>
	\$1,176,595

Net realized gains or losses may differ for financial and tax reporting purposes as a result of loss deferrals related to wash sales and post-October transactions.

*Income Tax:* No provision is made for Federal income taxes since it is the intention of the Funds to comply with the provisions of the Internal Revenue Code available to investment companies and to make the requisite distribution to shareholders of taxable income which will be sufficient to relieve it from all or substantially all Federal Income Taxes. As of September 30, 2005, capital loss carryovers available to offset future capital gains for federal income tax purposes were \$36,772 for the Missouri Fund expiring September 30, 2008.

*Use of Estimates:* The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities and reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

**2. Investment Advisory Fees and Other Transactions with Affiliates.** The investment advisor to the Trust, Madison Mosaic, LLC, a wholly owned subsidiary of Madison Investment Advisors, Inc. (the "Advisor"), earns an advisory fee equal to 0.625% per annum of the average net assets of

the Funds. The fees are accrued daily and are paid monthly.

**3. Other Expenses.** Under a separate Services Agreement, the Advisor will provide or arrange for each Fund to have all necessary operational and support services for a fee based on a percentage of average net assets, other than the expenses of the Trust's Independent Trustees and auditor ("Independent Service Providers") which are paid directly based on cost. For the year ended September 30, 2005, the services fee was based on the following percentage of average net assets: 0.39% for the Arizona Fund; 0.39% for the Missouri Fund; 0.36% for the Virginia Fund and 0.40% for the National Fund. The amounts paid by each fund directly for Independent Service Providers fees for the year was \$5,992, \$5,992, \$8,983 and \$8,983 for the Arizona, Missouri, Virginia and National Funds, respectively.

### 4. Fund Expenses.

*Example:* This Example is intended to help you understand your costs (in dollars) of investing in a Mosaic Tax-Free Trust fund and to compare these costs with the costs of investing in other mutual funds. See footnotes 2 and 3 above for an explanation of the types of costs charged by the funds. This Example is based on an investment of \$1,000 invested on April 1, 2005 and held for the six-months ended September 30, 2005.

### Actual Expenses

The table below titled "Based on Actual Total Return" provides information about actual account values and actual expenses. You may use the information provided in this table, together with the amount you invested, to estimate the expenses that you paid over the period. To estimate the expenses you paid on your account, divide your ending account value by \$1,000 (for example, an \$8,500 ending account valued divided by \$1,000 = 8.5), then multiply the result by the number under the heading entitled "Expenses Paid During the Period."

## Notes to Financial Statements (continued)

### Based on Actual Total Return<sup>1</sup>

	Actual Total Return <sup>2</sup>	Beginning Account Value	Ending Account Value	Annualized Expense Ratio <sup>3</sup>	Expenses Paid During the Period <sup>3</sup>
Arizona Fund	1.45%	\$1,000.00	\$1,014.52	1.11%	\$5.64
Missouri Fund	1.69%	\$1,000.00	\$1,016.87	1.08%	\$5.53
Virginia Fund	1.95%	\$1,000.00	\$1,019.47	1.02%	\$5.19
National Fund	1.95%	\$1,000.00	\$1,019.51	1.07%	\$5.44

<sup>1</sup>For the six months ended September 30, 2005.

<sup>2</sup>Assumes reinvestment of all dividends and capital gains distributions, if any, at net asset value.

<sup>3</sup>Expenses are equal to the respective Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year, then divided by 365.

### *Hypothetical Example for Comparison Purposes*

The table below titled "Based on Hypothetical Total Return" provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio and an assumed rate of return of 5.00% per year before expenses, which is not any fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual

ending account balance or expenses you paid for the period. You may use the information provided in this table to compare the ongoing costs of investing in a Mosaic Tax-Free Trust Fund and other funds. To do so, compare the 5.00% hypothetical example relating to the Mosaic Fund with the 5.00% hypothetical examples that appear in the shareholder reports of the other funds.

### Based on Hypothetical Total Return<sup>1</sup>

	Hypothetical Annualized Total Return	Beginning Account Value	Ending Account Value	Annualized Expense Ratio <sup>2</sup>	Expenses Paid During the Period <sup>2</sup>
Arizona Fund	5.00%	\$1,000.00	\$1,025.33	1.11%	\$5.64
Missouri Fund	5.00%	\$1,000.00	\$1,025.33	1.08%	\$5.51
Virginia Fund	5.00%	\$1,000.00	\$1,025.33	1.02%	\$5.16
National Fund	5.00%	\$1,000.00	\$1,025.33	1.07%	\$5.41

<sup>1</sup>For the six months ended September 30, 2005.

<sup>2</sup>Expenses are equal to the respective Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year, then divided by 365.

## Notes to Financial Statements (continued)

### 5. Aggregate Cost and Unrealized Appreciation.

The aggregate cost for federal income tax purposes and the net unrealized appreciation (depreciation) are stated as follows as of September 30, 2005:

	Arizona Fund	Missouri Fund
Aggregate Cost	<u>\$5,417,090</u>	<u>\$6,954,152</u>
Gross unrealized appreciation	299,359	453,676
Gross unrealized depreciation	<u>(11,453)</u>	<u>(3,697)</u>
<b>Net unrealized appreciation</b>	<u>\$ 287,906</u>	<u>\$ 449,979</u>
	Virginia Fund	National Fund
Aggregate Cost	<u>\$25,747,748</u>	<u>\$20,099,864</u>
Gross unrealized appreciation	1,155,232	1,152,021
Gross unrealized depreciation	<u>(53,745)</u>	<u>(42,932)</u>
<b>Net unrealized appreciation</b>	<u>\$ 1,101,487</u>	<u>\$ 1,109,089</u>

6. Investment Transactions. Purchases and sales of securities (excluding short-term securities) for the year ended September 30, 2005, were as follows:

	Purchases	Sales
Arizona Fund	\$ --	\$ 316,568
Missouri Fund	--	428,329
Virginia Fund	3,185,103	3,629,022
National Fund	1,902,764	2,268,767

7. Capital Share Transactions. An unlimited number of capital shares, without par value, are authorized. Transactions in capital shares were as follows:

	Year Ended Sept. 30,	
	2005	2004
<b>Arizona Fund</b>		
<b>In Dollars</b>		
Shares sold	\$ 214,452	\$ 198,107
Shares issued in reinvestment of dividends	<u>146,068</u>	<u>158,003</u>
Total shares issued	360,520	356,110
Shares redeemed	<u>(742,789)</u>	<u>(576,355)</u>
<b>Net decrease</b>	<u>\$(382,269)</u>	<u>\$(220,245)</u>
<b>In Shares</b>		
Shares sold	20,030	18,175
Shares issued in reinvestment of dividends	<u>13,638</u>	<u>14,578</u>
Total shares issued	33,668	32,753
Shares redeemed	<u>(69,094)</u>	<u>(53,050)</u>
<b>Net decrease</b>	<u>(35,426)</u>	<u>(20,297)</u>
	<b>Year Ended Sept. 30,</b>	
	2005	2004
<b>Missouri Fund</b>		
<b>In Dollars</b>		
Shares sold	\$ 595,411	\$ 448,565
Shares issued in reinvestment of dividends	<u>228,244</u>	<u>222,786</u>
Total shares issued	823,655	671,351
Shares redeemed	<u>(1,299,110)</u>	<u>(255,782)</u>
<b>Net increase (decrease)</b>	<u>\$(475,455)</u>	<u>\$ 415,569</u>
<b>In Shares</b>		
Shares sold	54,255	40,768
Shares issued in reinvestment of dividends	<u>20,806</u>	<u>20,271</u>
Total shares issued	75,061	61,039
Shares redeemed	<u>(118,593)</u>	<u>(23,516)</u>
<b>Net increase (decrease)</b>	<u>(43,532)</u>	<u>37,523</u>

## Notes to Financial Statements (concluded)

<u>Virginia Fund</u>	<u>Year Ended Sept. 30,</u>		<u>National Fund</u>	<u>Year Ended Sept. 30,</u>	
	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>
<b>In Dollars</b>			<b>In Dollars</b>		
Shares sold	\$1,373,983	\$1,323,802	Shares sold	\$1,637,027	\$2,724,523
Shares issued			Shares issued		
in reinvestment			in reinvestment		
of dividends	<u>995,479</u>	<u>1,195,785</u>	of dividends	<u>673,013</u>	<u>689,890</u>
Total shares issued	<u>2,369,462</u>	<u>2,519,587</u>	Total shares issued	<u>2,310,040</u>	<u>3,414,413</u>
Shares redeemed	<u>(2,329,870)</u>	<u>(3,687,590)</u>	Shares redeemed	<u>(2,793,567)</u>	<u>(4,170,258)</u>
<b>Net increase</b>			<b>Net decrease</b>	<u><u>\$ (483,527)</u></u>	<u><u>\$ (755,845)</u></u>
<b>(decrease)</b>	<u><u>\$ 39,592</u></u>	<u><u>\$(1,168,003)</u></u>			
<b>In Shares</b>			<b>In Shares</b>		
Shares sold	116,204	111,281	Shares sold	145,494	239,790
Shares issued			Shares issued		
in reinvestment			in reinvestment		
of dividends	<u>84,338</u>	<u>100,651</u>	of dividends	<u>59,904</u>	<u>61,082</u>
Total shares issued	<u>200,542</u>	<u>211,932</u>	Total shares issued	<u>205,398</u>	<u>300,872</u>
Shares redeemed	<u>(197,078)</u>	<u>(310,466)</u>	Shares redeemed	<u>(247,832)</u>	<u>(367,015)</u>
<b>Net increase</b>			<b>Net decrease</b>	<u><u>(42,434)</u></u>	<u><u>(66,143)</u></u>
<b>(decrease)</b>	<u><u>3,464</u></u>	<u><u>(98,534)</u></u>			

# Management Information

## Independent Trustees

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen	Other Directorships Held
Philip E. Blake 550 Science Drive Madison, WI 53711 Born 11/7/1944	Trustee	Indefinite Term since May 2001	Retired investor; formerly Vice President - Publishing, Lee Enterprises, Inc.	All 12 Mosaic Funds	Madison Newspapers, Inc. of Madison, WI; Trustee of the Madison Claymore Covered Call Fund and Madison Strategic Sector Premium Fund; Nerites Corp.
James R. Imhoff, Jr. 550 Science Drive Madison, WI 53711 Born 5/20/1944	Trustee	Indefinite Term since July 1996	Chairman and CEO of First Weber Group, Inc. (real estate brokers) of Madison, WI.	All 12 Mosaic Funds	Trustee of the Madison Claymore Covered Call Fund and Madison Strategic Sector Premium Fund; Park Bank; FSB
Lorence D. Wheeler 550 Science Drive Madison, WI 53711 Born 1/31/1938	Trustee	Indefinite Term since July 1996	Retired investor; formerly Pension Specialist for CUNA Mutual Group (insurance) and President of Credit Union Benefits Services, Inc. (a provider of retirement plans and related services for credit union employees nationwide).	All 12 Mosaic Funds	Trustee of the Madison Claymore Covered Call Fund and Madison Strategic Sector Premium Fund; Grand Mountain Bank; FSB

## Interested Trustees\*

Frank E. Burgess 550 Science Drive Madison, WI 53711 Born 8/4/1942	Trustee and Vice President	Indefinite Terms since July 1996	Founder; President and Director of Madison Investment Advisors, Inc.	All 12 Mosaic Funds	Trustee of the Madison Claymore Covered Call Fund and Madison Strategic Sector Premium Fund; Capitol Bank, FSB
Katherine L. Frank 550 Science Drive Madison, WI 53711 Born 11/27/1960	Trustee and President	Indefinite Terms President since July 1996, Trustee since May 2001	Principal and Vice President of Madison Investment Advisors, Inc. and President of Madison Mosaic, LLC	President of all 12 Mosaic Funds, Trustee of all Mosaic Funds except Mosaic Equity Trust	None

## Management Information (continued)

### Officers\*

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen	Other Directorships Held
Jay R. Sekelsky 550 Science Drive Madison, WI 53711 Born 9/14/1959	Vice President	Indefinite Term since July 1996	Principal and Vice President of Madison Investment Advisors, Inc. and Vice President of Madison Mosaic, LLC	All 12 Mosaic Funds	None
Christopher Berberet 550 Science Drive Madison, WI 53711 Born 7/31/1959	Vice President	Indefinite Term since July 1996	Principal and Vice President of Madison Investment Advisors, Inc. and Vice President of Madison Mosaic, LLC	All 12 Mosaic Funds	None
W. Richard Mason 8777 N. Gainey Center Drive, #220 Scottsdale, AZ 85258 Born 5/13/1960	Secretary, General Counsel and Chief Compliance Officer	Indefinite Terms since November 1992	Principal of Mosaic Funds Distributor, LLC; General Counsel for Madison Investment Advisors, Madison Scottsdale, LC and Madison Mosaic, LLC	All 12 Mosaic Funds	None
Greg Hoppe 550 Science Drive Madison, WI 53711 Born 4/28/1969	Chief Financial Officer	Indefinite Term since August 1999	Vice President of Madison Mosaic, LLC.	All 12 Mosaic Funds	None

\*All interested Trustees and Officers of the Trust are employees and/or owners of Madison Investment Advisors, Inc. Since Madison Investment Advisors, Inc. serves as the investment advisor to the Trust, each of these individuals is considered an “interested person” of the Trust as the term is defined in the Investment Company Act of 1940.

The Statement of Additional Information contains more information about the Trustees and is available upon request. To request a free copy, call Mosaic Funds at 1-800-368-3195.

**Forward-Looking Statement Disclosure.** One of our most important responsibilities as mutual fund managers is to communicate with shareholders in an open and direct manner. Some of our comments in our letters to shareholders are based on current management expectations and are considered “forward-looking statements.”

Actual future results, however, may prove to be different from our expectations. You can identify forward-looking statements by words such as “estimate,” “may,” “will,” “expect,” “believe,” “plan” and other similar terms. We cannot promise future returns. Our opinions are a reflection of our best judgment at the time this report is compiled, and we disclaim any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise.

**Proxy Voting Information.** The Trust only invests in non-voting securities. Nevertheless, the Trust adopted policies that provide guidance and set forth parameters for the voting of proxies relating to securities held in the Trust’s portfolios. These policies are available to you upon request and free of charge by writing to

## Management Information (continued)

Mosaic Funds, 550 Science Drive, Madison, WI 53711 or by calling toll-free at 1-800-368-3195. The Trust's proxy voting policies may also be obtained by visiting the Securities and Exchange Commission web site at [www.sec.gov](http://www.sec.gov). The Trust will respond to shareholder requests for copies of our policies within two business days of request by first-class mail or other means designed to ensure prompt delivery.

**N-Q Disclosure.** The Trust files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q. The Trust's Forms N-Q are available on the Commission's website. The Trust's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information about the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090. Form N-Q and other information about the Trust are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>. Copies of this information may also be obtained, upon payment of a duplicating fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Commission's Public Reference Section, Washington, DC 20549-0102. Finally, you may call Mosaic at 800-368-3195 if you would like a copy of Form N-Q and we will mail one to you at no charge.

**Statement Regarding Basis for Approval of Investment Advisory Contract.** At its regularly scheduled meeting on July 12, 2005, the Board of Trustees considered whether to renew the Trust's Investment Advisory Contract with the Advisor for another year at the same time it considered whether to renew the Advisor's Investment Advisory Contracts with the other members of the Mosaic Funds family. The Board considered a variety of matters in making its determination which are described below.

With regard to the *nature, extent and quality of the services to be provided by the Advisor*, the Board reviewed the biographies and tenure of the personnel involved in fund management, including the recent growth of both the fixed and equity portfolio management teams. They recognized the wide array of investment professionals employed by the firm, noting that during the last year, the fixed-income portfolio management staff had added a senior investment officer to its team and the equity portfolio management staff had added two equity analysts to its team, thereby further increasing the depth of portfolio management services provided. Officers of the Advisor discussed the firm's ongoing investment philosophies and strategies intended to provide superior performance consistent with each funds' investment objectives under various market scenarios. The Trustees also noted their familiarity with the Advisor due to the Advisor's history of providing advisory services to each Mosaic Trust.

With regard to the *investment performance of each fund and the investment advisor*, the Board reviewed current performance information and recognized the information provided at previous Board meetings. They discussed the reasons for both outperformance and underperformance as compared to peer groups and applicable indices. Officers of the Advisor discussed the Advisor's methodology for arriving at the peer groups and indices used for such comparisons. The Board reviewed both short-term and long-term standardized performance, i.e. one, five and ten year (or since inception) average annual total returns for each fund and comparable funds, as well as standardized yields for fixed income funds.

With regard to the *costs of the services to be provided and the profits to be realized by the Advisor and its affiliates* from the relationship with each fund, the Board reviewed the expense ratios for each Mosaic fund compared with funds with



## Management Information (continued)

similar investment objectives and of similar size. The Board reviewed such comparisons based on a variety of peer group comparisons from data extracted from industry databases including comparison to funds with similar investment objectives based on their broad asset category, total asset size and distribution method, e.g. whether the comparison included or did not include comparable no-load funds, as well as from data provided directly by funds that most resembled each Trust portfolio's asset size and investment objective for the last year. Officers of the Advisor discussed the objective manner by which Mosaic fees were compared to fees in the industry.

The Trustees recognized that each Mosaic fund's fee structure should be reviewed based on total fund expense ratio rather than simply comparing advisory fees to other advisory fees in light of the simple expense structure maintained by the Trusts (i.e. a single advisory and a single services fee, with only the fixed fees of the Independent Trustees and auditors paid separately). As such, the Board focused its attention on the total expense ratios paid by other funds of similar size and category when considering the individual components of the expense ratios. The Board also recognized that investors are often required to pay distribution fees (loads) over and above the amounts identified in the expense ratio comparison reviewed by the Board, whereas no such fees are paid by Mosaic shareholders.

The Trustees sought to ensure that fees were adequate so that the Advisor did not neglect its management responsibilities for the Trusts in favor of more "profitable" accounts. At the same time, the Trustees sought to ensure that compensation paid to the Advisor was not unreasonably high. With these considerations in mind, the Board compared the Advisor's fee schedule for separately managed accounts with the fees paid by the Trusts. The Trustees recognized that the Advisor provides vastly

more services to the Trusts than it does for separately managed accounts. The Board also reviewed materials demonstrating that although the Advisor is compensated for a variety of the administrative services it provides or arranges to provide pursuant to its Services Agreements with the Trusts, such compensation generally does not cover all costs due to the relatively small size of the funds in the Mosaic family. Administrative, operational, regulatory and compliance fees and costs in excess of the Services Agreement fees are paid by the Advisor from its investment advisory fees earned. For this reason, the Trustees recognized that examination of the Trusts' total expense ratios compared to those of other investment companies was more meaningful than a simple comparison of basic "investment management only" fee schedules.

In reviewing costs and profits, the Trustees recognized that Mosaic Funds are to a certain extent "subsidized" by the greater Madison Investment Advisors, Inc. organization because the salaries of all portfolio management personnel, trading desk personnel, corporate accounting personnel and employees of the Advisor who served as Trust officers, as well as facility costs (rent), could not be supported by fees received from the Trusts alone. However, although Mosaic represents approximately \$425 million out of the approximately \$9 billion managed by the Madison Investment Advisors, Inc. organization in Wisconsin at the time of the meeting, the Trusts are profitable to the Advisor because such salaries and fixed costs are already paid from revenue generated by management of the remaining assets. The Trustees noted that total Madison managed assets, including subsidiaries, exceeded \$11 billion at the time of the meeting. As a result, although the fees paid by the Trusts at their present size might not be sufficient to profitably support a stand alone mutual fund complex, they are reasonably profitable to the Advisor as part of its larger, diversified

## Management Information (concluded)

organization. The Trustees also recognized that Mosaic's reputation benefited the Advisor's reputation in attracting separately managed accounts and other investment advisory business. In sum, the Trustees recognized that Mosaic Funds are important to the Advisor, are managed with the attention given to other firm clients and are not treated as "loss leaders."

With regard to *the extent to which economies of scale would be realized as a fund grows*, the Trustees recognized that Mosaic Funds, both individually and as a complex, remain small and that economies of scale would likely be addressed after funds see assets grow significantly beyond their current levels. In light of their size, the Trustees noted that at current asset levels, it was premature to discuss economies of scale for any of the Trust's portfolios.

Finally, the Board reviewed the role of Mosaic Funds Distributor, LLC. They noted that the Advisor pays all distribution expenses of Mosaic Funds because the individual Mosaic funds do not pay distribution fees. Such expenses include NASD regulatory fees and "bluesky" fees charged by state governments in order to permit the funds to be offered in the various United States jurisdictions.

After further discussion and analysis, the Trustees determined to renew the each Mosaic fund's respective Advisory, Services and Distribution Agreements.



tax-free trust

## The Mosaic Family of Mutual Funds

### *Mosaic Equity Trust*

- Mosaic Investors Fund
- Mosaic Balanced Fund
- Mosaic Mid-Cap Fund
- Mosaic Foresight Fund

### *Mosaic Income Trust*

- Mosaic Government Fund
- Mosaic Intermediate Income Fund
- Mosaic Institutional Bond Fund

### *Mosaic Tax-Free Trust*

- Mosaic Arizona Tax-Free Fund
- Mosaic Missouri Tax-Free Fund
- Mosaic Virginia Tax-Free Fund
- Mosaic Tax-Free National Fund

### *Mosaic Government Money Market*

For more complete information on any Mosaic fund, including charges and expenses, request a prospectus by calling 1-800-368-3195. Read it carefully before you invest or send money. This document does not constitute an offering by the distributor in any jurisdiction in which such offering may not be lawfully made. Mosaic Funds Distributor, LLC.

#### TRANSFER AGENT

Mosaic Funds  
c/o US Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

#### TELEPHONE NUMBERS

**Shareholder Service**  
Toll-free nationwide: 888-670-3600

**Mosaic Tiles (24 hour automated information)**  
Toll-free nationwide: 800-336-3063



[www.mosaicfunds.com](http://www.mosaicfunds.com)

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