



FINANCIAL PARTNERS, INC.

*Your Vision. Your Wealth. Your Life.*

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**Firm Brochure  
Part 2A of Form ADV**

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This brochure is information required by the United States Securities & Exchange Commission (the SEC) and is intended to provide information about the qualifications and business practices of Mosaic Financial Partners, Inc. If you have any questions about the contents of this brochure, please contact us at: (415) 788-1952, or by email at: [Info@MosaicFP.com](mailto:Info@MosaicFP.com). Any questions that are specifically compliance-oriented should be directed to: [Geoff@MosaicFP.com](mailto:Geoff@MosaicFP.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Mosaic Financial Partners, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

*March 2018*

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## Material Changes

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### **Annual Update**

The “Material Changes” section of this brochure will be updated annually as well as when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes Since the Last Update**

This brochure has been updated with language disclosing our role and responsibilities related to the SEC’s “Custody Rule” involving clients who provide Mosaic with Standing Letters of Authorizations (SLOA) authorizing the transfer of funds to third parties at the client’s request..

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### **Full Brochure and More Information Available**

The SEC likes us to remind you that we are happy to send you a copy of our full brochure upon your request. For the most recent version of our brochure or for more information about Mosaic Financial Partners, Inc., please contact us by telephone at: (415) 788-1952 or by email at: [Info@MosaicFP.com](mailto:Info@MosaicFP.com).

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### **Readability of this Material**

The government hopes that this government-required disclosure document (the “brochure”) will help you understand what we do, how we do it, what your costs are likely to be, and to help you identify the potential for conflicts of interest in the advice that we offer. We, too, are interested in you having all that information and this brochure represents our efforts to provide same. Some of the U.S. Securities and Exchange Commission’s technical requirements for this document contribute to the length and dryness of the material, at the expense of readability. We apologize to you, the reader, and request your forbearance with these limitations. That said, if it helps you to sleep better at night, then it has served at least one purpose!

Ultimately, Mosaic’s goal is to provide clients with the best financial planning and investment management advice and service that we are capable of, at reasonable and competitive rates, while being sensitive to all the risks inherent with investment management. Therefore, the material contained herein is offered with our full integrity and intent to provide transparency, full disclosure, and the information you need to make a good decision in choosing your advisor.

We welcome your questions.

## Table of Contents

<b>Material Changes</b> .....	<b>2</b>
Annual Update.....	2
Material Changes Since the Last Update.....	2
Full Brochure and More Information Available.....	2
Readability of this Material.....	2
<b>Advisory Business</b> .....	<b>6</b>
Firm Description.....	6
Types of Advisory Services.....	6
Tailored Relationships.....	7
Assignment of Investment Management Agreements.....	7
<b>Types of Agreements</b> .....	<b>7</b>
Financial Planning Agreement.....	7
Investment Management Agreement.....	11
Hourly Planning Engagements.....	11
Asset Management.....	12
<b>Fees and Compensation</b> .....	<b>13</b>
Investment Management.....	13
Financial Planning.....	15
Termination of Agreement.....	16
Performance Fees.....	17
Other Fees.....	17
<b>Types of Clients</b> .....	<b>18</b>
Description.....	18
Account Minimums.....	18
<b>Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>18</b>
Methods of Analysis.....	18
Investment Strategies.....	19
Market, Security, and Regulatory Risks.....	19
Legal and Disciplinary.....	20

**Other Financial Industry Activities and Affiliations ..... 21**  
    Affiliations ..... 21

**Code of Ethics, Participation in Client Transactions and Personal Trading..... 21**  
    Code of Ethics ..... 21  
    Impartial Conduct Standards and Fiduciary Status..... 22  
    Participation or Interest in Client Transactions ..... 23  
    Personal Trading ..... 23

**Brokerage Practices ..... 23**  
    Brokerage Selection and Soft Dollars ..... 23  
    Order Aggregation ..... 26  
    Directed Brokerage ..... 26

**Review of Accounts ..... 27**  
    Periodic Reviews ..... 27  
    Review Triggers ..... 27  
    Regular Reports ..... 28

**Client Referrals and Other Compensation ..... 28**  
    Client Referrals ..... 28  
    Referrals to Third Parties ..... 29  
    Other Compensation ..... 29

**Custody ..... 29**  
    Custody Policy ..... 29  
    Account Statements ..... 30  
    Performance Reports ..... 30

**Investment Discretion ..... 30**  
    Discretionary Authority for Trading ..... 30

**Voting Client Securities ..... 30**  
    Proxy Votes ..... 30

**Financial Information ..... 31**  
    Financial Condition ..... 31

**Information Security Program ..... 31**  
    Information Security ..... 31

---

Privacy Practices .....	32
<b>Part 2B of Form ADV .....</b>	<b>35</b>
Norman M. Boone.....	36
Kevin Gahagan .....	37
David W. Cowles .....	38
Sabrina Lowell .....	39
Geoffrey M. Zimmerman.....	40
Mary Ballin .....	41
Steven Branton .....	42
Elizabeth L. Revenko .....	43
Sheila M. Schroeder.....	44
George Galat V .....	45
Stephen Kepler.....	46

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## Advisory Business

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### **Firm Description**

Mosaic Financial Partners, Inc., hereinafter (“the Adviser” or “Mosaic”) was founded in 1987. It adopted its current name in 2005. Mosaic is an SEC registered investment adviser. While SEC registration does not imply a certain level of skill or training, Mosaic Financial Partners, Inc. requires that advisors have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning.

Mosaic is a fee-only, boutique financial planning and investment management firm primarily serving individuals and families in the Bay Area. Most clients make use of both services, although some will make use of only investment management or of financial planning. Mosaic does not sell securities or financial products and the firm receives no compensation of any form from entities that sell financial products or securities.

Investment clients of Mosaic grant the firm investment discretion on matters of investment selection and placement of trades under a limited power of attorney. Mosaic does not act as a custodian of client assets and clients always maintain asset control with the one client exception where a principal of the firm acts as a trustee.

Should the client have need for services from other professionals (e.g., lawyers, accountants, insurance agents, etc.), such services are engaged directly by the client when and how needed. All potential conflicts of interest we have been able to identify are disclosed in this brochure.

### **Principal Owners:**

Norm Boone is a 95% stockholder. Kevin Gahagan is a 5% stockholder.

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### **Types of Advisory Services**

Mosaic provides comprehensive personal financial planning services for a fee to a variety of clients including business owners, professionals, corporate executives, inheritors, and retirees. Mosaic also provides investment management services exclusively on a fee basis. As part of the financial planning process Mosaic furnishes advice to clients on matters not involving securities such as: Taxation issues; trust services; estate planning; cash flow; and other related matters.

As of December 31, 2017, Mosaic managed \$622,867,244 in assets for 264 clients on a discretionary basis. Mosaic currently does not have any non-discretionary accounts under management.

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### **Tailored Relationships**

Within the parameters that have been set by us based on our professional expertise, we make every reasonable effort to customize our advice and services to the specific needs and circumstances of each client, including but not limited to the investments we recommend and the financial planning recommendations we offer. The goals and objectives for each client are documented in Mosaic's central files. Financial Planning documents reflect the clients' stated goals and objectives. Written Investment Policy Statements reflect an understanding of Mosaic's and the clients' respective roles and responsibilities, requirements, and specific expectations related to investment management services. Clients may impose restrictions on Mosaic's investing in certain securities or types of securities or asset classes.

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### **Assignment of Investment Management Agreements**

Agreements may not be assigned without client consent

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## **Types of Agreements**

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The following agreements define the typical client relationships.

### **Financial Planning Agreement**

Mosaic provides comprehensive personal financial planning services for a fee to a variety of individuals and families including business owners, professionals, corporate executives, inheritors, and retirees. Use of our investment management services, as described elsewhere in this document, is not required of those who wish to use only the personal financial planning services, although we believe clients who use both are best served. Not all clients who request financial planning as a sole service can be accommodated by Mosaic due to the time-consuming nature of this service.

The comprehensive planning process in the initial year involves a series of topic-centered meetings with the client, typically conducted over several months. Over the first year, it is our intent to have met about and discussed each of the key issues that existed at the beginning of our relationship, as well as new issues that may arise during that time. With each step we use the following fundamental steps:

- Establishment/definition of the relationship with the client
- Gathering of client data, including personal and financial data, goals, objectives, risk tolerance
- Analysis and evaluation of client's current financial status and assumptions

- Evaluation of alternative solutions, done jointly with clients to provide education about the issues, and the pros and cons of each choice
- Development and presentation of financial planning recommendations
- Assistance with implementation, as appropriate.

Mosaic's financial planning activities are tailored to the client's needs and circumstances. Topics that may be addressed, depending on the requests of the client, include:

- Planning for financial independence (retirement)
  - How much will I need in order to be "work optional" given my lifestyle?
  - When can I comfortably retire?
  - Am I spending too much and in danger of running out of money?)
- Investment analysis and planning
- Savings, Budgeting, and Debt Management,
- Education planning including saving for College
- Risk Management/Insurance including
  - Life, disability, medical, and long-term care insurance planning
  - Property & casualty, liability, professional, directors & officers, insurance
- Benefits planning, including
  - Employer-provided benefits (insurance, stock options, executive benefits, deferred compensation, etc.)
  - Government benefits (Social Security, Medicare, etc.)
- Estate and Philanthropic planning, family gifting
- Tax Planning
- Career and Business Strategy
- Individual life coaching

Clients receive a copy of written documents that are developed and discussed during the meetings between Mosaic and the client. A comprehensive financial plan does not include recommendations on specific individual investments, preparation of any kind of income tax, gift or estate tax returns, or preparation of any legal documents, including wills or trusts. Specific investment recommendations are considered part of the implementation phase of the relationship. The others constitute legal or tax advice, which are not provided by Mosaic.

Personal financial planning (the analysis, written report, and subsequent modifications and services) is a service separate from our investment management services. Clients have full discretion as to the extent to which, if at all, they choose to implement the recommendations discussed in the financial planning phase.

Depending on the scope of the assignment and the complexity of the planning to be performed, the analysis, development of the recommendations, plan write-up, and plan



presentation can take from approximately 60 days to nearly one year. For most clients, the initial year of planning is generally accomplished within eight to twelve months from the date the client provides all requested information. Meetings are typically held every 30-45 days during that period, depending on how quickly clients can provide the necessary documents and other relevant input and the mutual calendar availability. Clients can stop the planning process at any point by formally notifying Mosaic in writing and the relationship will be considered terminated.

Once an initial plan is completed, the client has several options with regards to ongoing financial planning services: 1) the client may feel that the questions which required the service in the first place have been adequately addressed and that there is no need for further involvement with Mosaic; 2) the client may wish to have access to ongoing services provided such that regular or periodic meetings occur to discuss changes in the client's financial situation or in the financial environment; or 3) the client may wish to wait to initiate contact with Mosaic as new questions arise. A fourth option, which is chosen by most Mosaic clients, is to engage Mosaic for its investment management services. Those clients who have gone through the initial financial planning year and who engage Mosaic for its investment services also benefit without further costs (beyond investment management fees) from Mosaic's ongoing efforts to stay on top of issues relating to that particular client and to provide customized advice and counsel as appropriate to that client's circumstances.

### **Insurance**

Insurance is at the core of Risk Management, an essential protection element in the financial planning process. Mosaic Financial Partners, Inc. does not sell insurance nor insurance products and receives no commissions, rebates or referral fees when its clients purchase such products from others. At the same time, because of the variety, complexity and number of possible products available to meet various insurance needs, Mosaic prefers to be as involved as much as possible when its clients consider the purchase of such products to meet their financial planning needs. As part of its financial planning relationship with a client, Mosaic helps clients make wise and informed decisions with regards to insurance options. If an insurance sale occurs, some salesman or entity receives all related compensation. Mosaic does not stand to gain or lose as a result of the client's decision, leaving Mosaic free to objectively offer input about the insurance decisions.

When an insurance need becomes apparent, Mosaic will generally make a recommendation as to the generic type of product or products that would best address the specific need. If the client has an existing agent who can provide the needed product and related service,

Mosaic will, at the client's request, work with that agent to ensure the client is getting the most appropriate product for that need. If the client does not have a preferred agent, Mosaic may work with a "no-load" provider or refer the client to an agent whom Mosaic believes can best deliver the appropriate product(s) and related service. Mosaic has no

formal affiliation with any such agent, nor does it receive any compensation for such referrals. However, experience and industry knowledge has provided Mosaic with some insights about who might be able to do the needed tasks in an appropriate manner.

### **Ongoing Financial Planning Services**

Financial planning should be an ongoing, life-long process. After the initial year's analysis is done and recommendations are presented to, and accepted by the client, ongoing planning is an important service provided by Mosaic.

For those clients making use of the investment management services of Mosaic and who pay at least our minimum annual investment management fee, the cost of ongoing financial planning services will be incorporated into the investment management fees. For such clients, except for the initial planning fees, there will be no additional charge over and above the investment fees for planning work and advice that reviews and/or updates planning previously performed for that client. An exception to this rule may arise if a client wishes Mosaic to provide advice and analysis well beyond Mosaic's normal service offering. Planning services directed at previously unaddressed topics, extraordinary research or analysis may involve additional costs, which will be negotiated on an individual basis prior to beginning such work.

For clients who pay investment management fees less than our annual minimum, a separate fee for financial planning may be charged. Such separate financial planning fees may take any of the forms described under "Financial Planning Fees" within this document but are generally hourly, project or retainer and will be based on the type and amount of work requested by the client.

The financial planning review may be the only service provided to the client and does not require that the client use investment advisory or any other services offered by Mosaic. There is an inherent conflict of interest for Mosaic whenever a financial plan recommends use of professional investment management or other in-house services. Mosaic or its associated persons may receive compensation for the provision of financial planning and/or investment management services. Neither Mosaic nor its employees engage in the sale of financial products, nor does Mosaic or its employees receive any compensation when a client purchases financial products or services from third party providers. When referring clients to third party provider of products and services, Mosaic does not make any representation that the products and/or services offered are at the lowest available cost. Clients may be able to obtain the same products or services at a lower cost from other providers. The client is under no obligation to accept any of Mosaic's recommendations or the use of Mosaic's services.

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### **Investment Management Agreement**

Mosaic Financial Partners, Inc. ("Mosaic") provides investment management services exclusively on a fee-only basis. This means that Mosaic is paid solely by our clients and does not receive any compensation or remuneration from other sources such as fund companies, insurance carriers, etc. for using their products in client portfolios

Mosaic's Investment Management services include:

- Design of an asset allocation appropriate to the client's individual circumstances, often as determined by the financial planning process
- Development of an Investment Policy Statement
- Determination of individual securities to be bought or sold and selection of appropriate managers
- Placing trades to purchase or sell securities as determined by the above steps
- Monitoring of the investments and making ongoing adjustments as necessary

Implementation of the plan or investment management of client portfolios follows a strict process of asset allocation based on client objectives and risk assessment. Investments are selected for client accounts from an "Approved List", which is maintained and periodically updated by the firm's Investment Committee. This Committee is chaired by Mosaic's Director of Investments and is comprised of key members of the firm. Securities are selected for the Approved List based on numerous factors including investment style, consistency of returns, expenses, manager tenure, and availability at the custodian(s) to be utilized as discussed later in this brochure.

To serve the variety of needs of its many different investment management clients, Mosaic utilizes multiple compensation structures as described below. The specific services and compensation arrangement appropriate to each client, as well as appropriate disclosures, are generally documented in a Letter of Engagement for Asset Management Services ("Letter of Engagement") signed by the client prior to service being rendered. A client's Letter of Engagement will reflect the fee schedule in effect at the time it was executed and may differ from the current fee schedules described below; it may also differ from the fee arrangements in force for other clients. Actual billings to clients are based on the then-effective Letter of Engagement signed by the respective client. Fees and/or minimums may be negotiable where special circumstances exist.

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### **Hourly Planning Engagements**

Mosaic occasionally provides hourly financial planning services at its sole discretion for certain clients who need advice on a limited scope of work. Hourly rates can be found in the 'Fees and Compensation' section of this brochure.

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### **Asset Management**

Mosaic offers investment advice to its clients relating to issues of Asset Allocation, Security Selection, and appropriate responses to market changes.

Mosaic may offer advice on securities that includes (but are not limited to): Stocks; bonds; mutual funds; exchange traded funds; exchange traded notes; hedge funds; venture capital opportunities; derivative debt and equity securities; private and public REITs; and other partnership interests such as those investing in mortgages or venture capital. Mosaic may also offer advice on other types of investments such as business opportunities. Should such advice be offered by Mosaic when the investment is unlikely to end up in a Mosaic-managed portfolio, then the analysis of such opportunities is considered a financial planning service and would be subject to all guidance, limitations and fees described in the financial planning section above.

The vast majority of investments recommended by Mosaic are in the form of no load mutual funds or Exchange Traded Funds or equivalent investment products. Separate accounts, in which individual stocks or bonds are chosen and managed by one or more specially selected investment managers are sometimes utilized to help clients address a specific investment need they may have.

As a result of employee benefit perquisites arising from their position as an owner or executive of a company, some clients may own, be granted or may consider purchasing options, warrants, restricted stock in the shares of their company or similar equity enhancements to their compensation. Mosaic offers advice about such investment decisions, as well as about the sale or liquidation thereof, as part of its financial planning services.

The investment selection and advice offered to clients may be limited by the knowledge and experience of the personnel of Mosaic and/or the resources available to it as a result of its relationships with custodians and other providers in the broader financial industry. In addition, as a result of these resources, certain investments may be available to clients of Mosaic that might not be available to members of the public at large. Mosaic believes that the breadth of choices available under these restrictions is sufficiently wide so as to effectively make available the full range of investment options that might conceivably be important for all but the rarest client.

Suitable categories of investments are selected in accordance with the clients' attitudes about risk and their need for capital appreciation or income production, with tax considerations of all transactions weighted heavily. Within each category, individual securities are selected whose characteristics are most consistent with the particular

objectives for which the category was chosen. Risk factors of the different investments are considered, particularly in light of the clients' willingness to assume risk in the context of what they need from their investments in order to achieve their goals.

When pools of securities (e.g. mutual funds) are employed by Mosaic as part of a client portfolio, the fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. If a brokerage/custodian is used to purchase a mutual fund, the brokerage/custodian may charge a transaction fee for the purchase of some funds.

When appropriate, stocks and bonds are transacted through a brokerage account of the client. The brokerage firm charges a fee or a mark-up or mark-down for stock and bond trades. Mosaic does not receive any compensation from fund or brokerage companies for this or any other reason.

Mosaic does not sponsor a WRAP program nor is Mosaic an investment adviser to a WRAP program.

Initial public offerings (IPOs) are not available through Mosaic.

## Fees and Compensation

### Investment Management

For those clients making use of investment management services provided by Mosaic, the amount of the asset management fee will be based upon the total assets under management and according to the following schedule:

<b>Annualized Investment Management Fees</b>		
<i>Account Value From</i>	<i>Account Value To</i>	<i>Annual Percentage Fee</i>
\$0	\$ 2,000,000	1.00%
\$2,000,001	\$ 5,000,000	0.70%
\$5,000,001	\$10,000,000	0.50%
Over \$10,000,000		0.30%

There is a minimum quarterly investment management fee of \$3,750 which may be negotiated where unique circumstances apply.

The client will pay to Mosaic a quarterly fee in advance for managing the portfolio which will be based on the market value of the managed portfolio, including cash equivalents, as determined at the close of the preceding quarter. The fee is increased for deposits and decreased for withdrawals occurring during the immediately previous quarter. Fees are



deducted from client accounts concurrent with the transmission of invoices (by mail or electronic communication), which typically occurs during the first two weeks of the month following the end of the calendar quarter. Fees are negotiable at the Advisor's sole discretion depending upon the facts and circumstances of each client (i.e., size of account, length of time with Advisor, etc.).

All fees paid to Mosaic for investment advisory services are separate and distinct from the fees and expenses charged by separate account managers, by custodians, by mutual funds, or by exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. While a client could invest in many mutual funds directly, Mosaic clients benefit from having access to Institutional class shares which often have lower internal expenses and may not be available to retail investors. In addition, clients who purchase mutual funds directly would not receive the services provided by Mosaic which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Mosaic to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

A client may terminate the agreement at any time and will receive a refund of any prepaid but unearned advisory fees for the period from the termination date through the end of that calendar quarter. To ensure clear communication, a termination notice must be issued in writing and is effective only upon receipt by Mosaic.

The above reflects our current billing practices for new clients. Existing clients of Mosaic may be paying fees under different terms, according to either historical fee payment provisions in their investment management agreement or as negotiated between parties.

### **Third Party Investment Services**

When appropriate, (and with the client's pre-approval), Mosaic may use the services of other third-party investment managers (sub-advisers). When it is appropriate and serves the client's interests, Mosaic may allocate a portion of the client's portfolio to the sub-adviser for management. While this portion of the client's portfolio is invested with the sub-adviser, Mosaic's Advisors and Director of Investment Management monitor the sub-adviser's performance as part of ongoing client reviews. The fees charged by the sub-adviser are separate from and in addition to those fees charged by Mosaic. Fees charged by the sub-adviser are paid by the client directly to the sub-adviser and Mosaic does not receive any portion of those fees.

Commissions

Mosaic does not accept commissions, rebates or referral fees as compensation for its services. Mosaic is currently compensated exclusively through fees paid by clients.

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**Financial Planning**

At the client’s discretion and based on the nature and scope of the planning work to be performed, clients may pay for the financial planning services provided by Mosaic in one of three ways:

Hourly fees. This approach is occasionally employed for shorter term consulting requests or very limited financial planning and analyses. It may also be appropriate when the extent of the work to be done is very unclear. Payment is required on completion of a distinct service, or monthly if the service is in process. Hourly rates are as follows:

<b>Professional</b>	<b>\$175 - \$400 per hour</b>
<b>Paraprofessional</b>	<b>\$150 per hour</b>
<b>Clerical</b>	<b>\$ 85 per hour</b>

Professional hourly fees are charged based on Mosaic providing the planning service. Those with greater seniority charge a higher hourly rate. Hourly rates are not negotiable, although Mosaic may agree to limit the number of hours dedicated to a particular task at the client’s request.

Project fees. These are fixed at the beginning of the engagement and based on an estimate of the time required to complete the work multiplied times the hourly rates of the Mosaic members to be involved. The fees for the initial year of financial planning generally range between \$8,000 and \$15,000 and are negotiable based on the nature of the planning – basic planning up to more complex planning cases. Certain planning engagements may charge a project fee outside of the above range due to factors specific to that engagement. Payment arrangements will vary, but in all cases involve a partial payment upon the agreement being signed with remaining amounts due at pre-defined points in the process, most often 25% of the total every 90 days until fully paid or until the project is completed, whichever comes first. The fee amount may be negotiated which could result in an adjustment in the number of hours to be spent by Mosaic’s personnel on such project.

Annual retainer fees. Occasionally Mosaic collects a retainer fee at the beginning of the relationship based upon the scope of work to be performed and the nature of ongoing consulting desired and can be updated annually. This approach is recommended where the nature of the planning work is complex and the client has multiple financial concerns requiring regular advice and guidance. Payment for retainer fees is required either on an annual or a quarterly basis, depending on the scope of the assignment. The retainer fee

amount is designed to reflect the service to be provided and the Mosaic personnel to be involved and the number of hours Mosaic expects to spend on the project. The retainer fee amount is derived from an estimate of the number of hours required, and the billing rates of the individual Mosaic members to be included. Due to the infrequent utilization of retainer fees, the fee amount is negotiated based on the services expected to be provided. Payment for retainer fees is required prior to the service being rendered, however any unearned retainer fees are refunded upon termination of the engagement.

#### Financial Planning Fees for Investment Management Clients

Financial planning should be an ongoing, life-long process. After the initial year's analysis is done and recommendations are presented to the client and to the extent desired, implemented by the client, future financial planning services provided to the client by Mosaic are referred to as "ongoing planning" and is an important service provided by Mosaic.

For those clients making use of the investment management services of Mosaic and who pay at least Mosaic's minimum annual investment management fee, the cost of ongoing financial planning services will be incorporated into the investment management fees. For such clients, except for the initial planning fees, there will be no additional charge over and above the investment fees for planning work and advice that reviews and/or updates planning previously performed for that client. An exception to this rule may arise if a client wishes Mosaic to provide advice and analysis well beyond the normal service offering. Planning services directed at previously unaddressed topics, extraordinary research or analysis may involve additional costs, which will be negotiated on an individual basis prior to beginning such work.

For clients who pay investment management fees of less than our annual minimum, a separate fee for financial planning may be charged. Such separate financial planning fees may take any of the forms described under "Financial Planning Fees" within this document but are generally hourly, project or retainer and will be based on the amount of work requested by the client.

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#### **Termination of Agreement**

A client may terminate an investment management agreement at any time by notifying Mosaic in writing. Clients shall be charged pro rata for services provided through to the date of termination. Existing clients who are being billed in arrears will have their final bill calculated using their portfolio's average daily balance during the calculation period. If the client made an advance payment, the fees earned for the quarter will be based on starting balance at the beginning of the quarter, adjusted for any capital flows (deposits or withdrawals) occurring during the billing period and prorated based on the number of days



that services were provided during the billing period. Mosaic will refund any unearned portion of the advance payment.

A client may terminate a financial planning agreement in writing in the first thirty days after signing the agreement and will be entitled to a full refund of any fees paid to Mosaic under that agreement. Thereafter, a client may terminate the agreement in writing at any time but will compensate Mosaic at its hourly rates for the time spent on the client's behalf. Clients billed on an hourly basis will be liable for hours incurred through the date of termination.

Mosaic reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Mosaic's judgment, to providing proper financial advice. If Mosaic chooses to terminate the planning relationship, all planning fees paid by the client, and as yet unearned as of the date of the termination, will be refunded.

Mosaic makes every reasonable effort to treat clients with respect, to do what is promised and to be supportive of the client-advisor relationship. Mosaic expects the same from its clients. Where clients fail to treat any or all Mosaic employees with respect, consistently fails to meet their own commitments or acts in ways that harm the client-advisor relationship, Mosaic reserves the right to terminate any client engagement.

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#### **Performance Fees**

Mosaic's fees are not based on a share of the capital gains or capital appreciation of managed securities. On occasion, Mosaic may employ certain types of investments that do charge a performance fee in which Mosaic does not participate. For these investments, refer to their offering or private placement memorandum for an explanation and amounts of the performance fees.

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#### **Other Fees**

Mosaic may include mutual funds, variable annuity products, Exchange Traded Funds (ETF's), and other pooled or managed products or partnerships in clients' portfolios. Where such products involve expenses, these will be in addition to any fees charged by Mosaic. For example, mutual fund fees and expenses, or trading costs or account maintenance fees charged by custodians are separate and distinct from fees paid by clients to Mosaic. The fees and expenses charged by such product providers are identified and described in each mutual fund's or underlying annuity fund's prospectus, in the offering memorandums of a partnership or in disclosure documents provided by custodians and are separate and distinct from the management fee charged by Mosaic. These non-Mosaic fees will generally include a fund management fee, other fund expenses and a possible distribution fee.

No-load or load-waived mutual funds may be used in client portfolios so there would be no initial or deferred sales charges; however, if in the unusual circumstance that a fund that imposes sales charges is selected, a client may pay an initial or deferred sales charge. In such cases, Mosaic would not share to any degree in such charge.

A client could invest in a mutual fund or variable annuity or investment partnership directly, without the services of Mosaic. Mosaic’s clients have access to institutional share classes of certain funds which have lower internal expenses than share classes available to retail investors. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by Mosaic to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided.

If it is determined that a client portfolio would be well served to contain corporate debt or other types of over the counter securities, the client may pay a mark-up or mark-down or a “spread” to the broker or dealer on the other side of the transaction that is built into the purchase price of the security. Mosaic does not share in any such compensation.

## Types of Clients

### **Description**

Mosaic generally provides investment advice to individuals, pension and profit sharing plans, and trusts, estates, or charitable organizations. The vast majority of Mosaic clients are individuals and families. Client relationships vary in scope and length of service.

### **Account Minimums**

While Mosaic does not have a specific minimum account size, the minimum annual fee for investment management is \$15,000 which equates to a portfolio size of \$1,500,000 based on the current fee schedule. At the sole discretion of Mosaic, Mosaic may accept smaller account sizes, and depending on the circumstances, fees may be adjusted.

## Methods of Analysis, Investment Strategies and Risk of Loss

### **Methods of Analysis**

Security analysis methods may include analyzing the economic characteristics of sectors and asset classes as well as some fundamental and technical analysis. The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

In addition, to help develop its strategies and recommendations, Mosaic uses commercially available services, specifically financial publications and information services dealing with

investment research and taxation. Such information may be obtainable in print, on computer media, via the internet, or via some other electronic means. Company prepared materials (particularly prospectuses) and research releases prepared by others are also utilized.

As an investment advisor, Mosaic has the frequent opportunity to access information from a variety of experts, whether through personal visits, telephone calls, or at industry-related meetings. Independent, third party registered investment advisors may also be employed to provide additional expertise in unique situations.

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### **Investment Strategies**

The primary investment strategy used for client accounts is a global, multi-asset class approach. A substantial portion of the equity vehicles utilized by Mosaic track (or attempt to track) passively-managed indexes. Other parts of the portfolio may include actively managed vehicles that may perform better or worse than the applicable benchmark. Portfolios are globally diversified and diversified across different asset classes and utilize different investment strategies in order to control the risk associated with traditional markets.

The investment strategy for each specific client is customized to reflect the objectives stated by the client, by the client's tolerance for risk, by the client's capacity to take on risk, by the current economic and market environment and by the investment needs of the client required to meet the client's stated goals. The client may change these objectives at any time. Each client executes an Investment Policy Statement (IPS) that documents their objectives and their desired investment strategy and any parameters they wish to place upon Mosaic's investment management for their portfolio. The IPS also documents the primary investment management processes and procedures implemented by Mosaic which are likely to be experienced by the client.

Mosaic's investment strategies do not involve frequent trading, although clients making deposits and withdrawals require more frequent trades.

Portfolio strategies may include long-term purchases, short-term purchases, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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### **Market, Security, and Regulatory Risks**

The investment strategies used by Mosaic for client portfolios involve direct and indirect investments in securities markets. Our investment approach constantly keeps the risk of loss in mind. Investors face the following risks either through direct ownership of securities, or indirectly via securities owned by the pooled investment vehicles (e.g., mutual funds and exchange-traded securities) used by Mosaic:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value for the securities issued by such companies.

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### **Legal and Disciplinary**

During the 10 year period ending December 31, 2017, neither Mosaic nor its employees have been involved in legal or disciplinary events related to past or present investment clients. There are currently no disciplinary actions in progress involving any Mosaic employees.

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## Other Financial Industry Activities and Affiliations

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### **Affiliations**

Norman M. Boone has formed a Florida Limited Liability Company with Linda Boone, known as BLIPS Partners LLC, the purpose of which is to advance the use of investment policy statements among advisors and bankers in their work with clients. Under this umbrella, the Boones jointly authored a book “Creating an Investment Policy Statement: Guidelines and Templates” published in June, 2004 by FPA Press. They periodically make speeches and provide training classes on the topic and provide consulting services. The primary product provided by BLIPS Partners, LLC is software (IPS AdvisorPro) which is sold to advisors and others to help them create appropriate Investment Policy Statements. As of October 2013, BLIPS Partners LLC sold the IPS AdvisorPro technology to fi360, and most recently both Mr. Boone and Ms. Boone started serving as part-time consultants to fi360 in order to help maintain the products’ reputation and functionality as a high quality solution for advisors.

These combined activities take less than 5% of Mr. Boone’s work time, plus additional time, which comes out of his personal schedule.

Mosaic Financial Partners is a shareholder in National Advisors Holdings, Inc. (NAH), that has formed a federally chartered trust company, National Advisors Trust Company (NATC). The Office of Thrift Supervision regulates NAH and NATC. The trust company provides a low cost and more flexible alternative to traditional trust service providers. Mosaic refers certain clients to NATC for custody and trustee services. Mosaic owns less than 1% of NAH’s outstanding shares.

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## Code of Ethics, Participation in Client Transactions and Personal Trading

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### **Code of Ethics**

Mosaic has adopted a Code of Ethics which establishes standards of conduct for its employees and other such supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. Supervised persons are required to report their personal securities holdings at time of hire, and annually thereafter. Supervised persons also must report their personal securities transactions quarterly. Both the annual and quarterly reports are then reviewed by Mosaic’s Chief Compliance Officer. Supervised persons are required to report any violations of the Code of Ethics promptly to Mosaic’s Compliance Officer. Each



supervised person of Mosaic receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of Mosaic's Code of Ethics by contacting the Compliance Officer of Mosaic.

The Investment Advisers Act of 1940 (The Act) imposes a fiduciary duty on investment advisers. As fiduciaries, Mosaic imposes upon itself a duty of utmost good faith to act solely in the best interests of each and every client. Our clients entrust us with their money and financial future, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying Mosaic's Code of Ethics and represents the expected basis of all of our dealings with our clients.

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#### **Impartial Conduct Standards and Fiduciary Status**

In 2016, the Department of Labor finalized rules (DOL Fiduciary Rule) imposing additional standards of care for providers of investment advice to, and management of IRAs and other retirement accounts.

Mosaic Financial Partners, Inc. exercises discretionary investment authority over the accounts we manage for our clients. These accounts include IRAs and other retirement plan accounts. We also provide investment and financial planning advice including recommendations to incorporate retirement plan assets under our management and/or to roll money from company retirement plans into IRA's. Under the DOL rule we are considered to be a fiduciary to these retirement accounts.

Under the requirements of the DOL rule, we are required to act in the best interests of our clients in respect to recommendations involving retirement accounts (including recommendations to roll over retirement funds to an IRA) taking into account other available alternatives. Alternatives may include (but are not limited to): Leaving retirement assets in the company's plan; consideration of fees and expenses associated with an existing plan or an IRA rollover, and consideration of the level of service available to the client under each of the alternatives.

Mosaic Financial Partners is a fee-only investment advisory firm and does not receive sales commissions, trailing commissions, other product commissions, other payments tied to sales incentives, or compensation from third parties. In addition, we do not vary our investment advisory fees based on the investment mix or securities used in our client accounts. As a result of periodic market surveys, Mosaic believes that our investment management fee structure is reasonable and consistent with the pricing offered by other Registered Investment Advisory firms. Mosaic employees do not receive salaries or bonuses that are dependent on the types of investments chosen for client accounts.

In accordance with our business practices outlined above, we believe that we are considered a ‘Level Fee Fiduciary’ under the DOL’s Rule. As a “Level Fee Fiduciary”, we are held to the DOL fiduciary standards of care, but are subject to fewer disclosures and reporting requirements than advisors operating under a different business model.

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#### **Participation or Interest in Client Transactions**

Under Mosaic’s Code of Ethics, Mosaic and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. Mosaic and its managers, members, officers and employee may also buy or sell specific securities for their own accounts based on personal investment considerations which Mosaic does not deem appropriate to buy or sell for clients.

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#### **Personal Trading**

Mosaic’s Chief Compliance Officer is Geoffrey Zimmerman. He reviews all employee trades each quarter (except for his own trading activity which is in turn reviewed by another principal or officer of Mosaic) and maintains a restricted list of securities used in client portfolios. The personal trading reviews help ensure that the personal trading of employees does not affect the markets, that clients of the firm receive preferential treatment and that pre-approval is granted for trading in a restricted security.

## **Brokerage Practices**

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#### **Brokerage Selection and Soft Dollars**

Generally, Mosaic does not maintain custody of client assets on which we advise (see Custody section), and as such investment advisory client assets must be maintained in an account at a “qualified custodian”, generally a broker-dealer or bank. For investment advisory clients, Mosaic will generally require that clients establish brokerage accounts with one of the following organizations: Charles Schwab Advisor Services (formerly known as Charles Schwab Institutional), National Advisors Trust Company, Fidelity Investments or TD Ameritrade, to maintain custody of clients’ assets and to effect trades for their accounts. Mosaic is independently owned and operated and not affiliated with these organizations.

These organizations’ services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or require a significantly higher minimum initial investment.

Mosaic’s staff will assist clients in establishing and maintaining accounts with the aforementioned custodians through the preparation of account applications and other

account-related documentation and by acting as a liaison between the client and the custodian as needed (generally for client signatures or for other information required by the custodian). While Mosaic may recommend the use of a particular brokerage or custodian, Mosaic does not have the discretionary authority to establish client accounts without account applications signed by the client.

For Mosaic's client accounts maintained in the custody of the aforementioned institutions, these organizations generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through them or that settle into their accounts. In some cases, the fees applicable to our investment advisory client accounts were negotiated with custodians based on our commitment to maintain a certain minimum amount of our clients' assets statement equity with the custodian. This commitment benefits you because the overall fees you pay are lower than they would be if we had not made the commitment. In addition to transaction-based fees, these institutions charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have your primary custodian execute most trades for your account.

Mosaic seeks to use a custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist Mosaic in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Their prior service to Mosaic and our other clients, and
- Availability of other products and services that benefit Mosaic, as discussed below.



While Mosaic is not party to any “soft dollar” arrangements with these organizations, they do make available to Mosaic other products and services that benefit Mosaic but may not benefit its clients’ accounts. Some of these other products and services assist Mosaic in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Mosaic’s fees from its clients’ accounts, and assist with back-office functions, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of Mosaic’s accounts, including accounts not maintained at these organizations. These organizations also make available to Mosaic other services intended to help Mosaic manage and further develop its business enterprise. These services may include consulting publications and conferences on practice management, information technologies, business succession, regulatory compliance, and marketing. In addition, these organizations may make available, arrange and/or pay for these types of services rendered to Mosaic by independent third parties. These organizations may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Mosaic. While as a fiduciary, Mosaic endeavors to act in its clients’ best interests, Mosaic’s recommendation that clients maintain their assets in accounts at these organizations may be based in part on the benefit to Mosaic of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by them, which may create a potential conflict of interest. Use of these custodians by Mosaic is determined by client request, Mosaic operational efficiencies, availability or service for particular needs and by the pricing and quality of custodial services.

### **Charles Schwab & Co., Inc. (“Schwab”)**

Similar to the other custodians, the availability of services from Schwab benefits Mosaic because we do not have to produce or purchase them. With Schwab, we don’t have to pay for these services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give Mosaic an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab’s services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab’s services and not Schwab’s services that benefit only us.

It is the policy and practice of Mosaic to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended.

Nevertheless, it is understood that Mosaic may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and Mosaic makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, Mosaic will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. Mosaic has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities. Mosaic receives no income from such brokers and custodians.

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**Order Aggregation**

On rare occasions Mosaic may purchase and/or sell the same security for many accounts, even though each client account is individually managed. When appropriate, Mosaic may also aggregate the same transaction in the same securities for many clients for whom Mosaic has discretion to direct brokerage. Clients in aggregated transactions each receive the same price per unit and the same brokerage commissions (although Schwab charges every client the same fee regardless of whether the trade is for an individual client or as one part of an aggregated trade). In cases where order aggregation includes more than one custodian, trades will be appropriately aggregated at each custodian; however the execution price of the security and any associated transactions costs may differ between custodians.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If Mosaic is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, Mosaic will allocate the filled portion of the transaction to clients based on an equitable rotational system.

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**Directed Brokerage**

Mosaic will generally decline acceptance of any client account that directs the use of a broker-dealer (other than one of the firms previously identified in the Brokerage Practices section of this brochure) as Mosaic believes that this would adversely affect Mosaic's duty to obtain best execution as well as adversely impact its ability to quickly and effectively serve the broader investment needs of its clients. Mosaic may use discretion in selecting other broker-dealers when special circumstances dictate, e.g., to obtain a broader listing of fixed income securities available for purchase. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a minimum amount of the advisor's clients' assets are maintained in accounts at these organizations, and are not otherwise contingent upon Mosaic committing to these organizations any specific amount of business (assets in custody or trading).

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## Review of Accounts

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### **Periodic Reviews**

Mosaic's Director of Investment Management and the staff of the Investment Management Department are responsible for the ongoing review of all accounts supervised by Mosaic. Reviews are generally conducted no less frequently than weekly, and can occur as often as daily. The review process involves the use of customized portfolio management software, whose programming is based on rules determined by Mosaic's Investment Committee. The monitoring process looks for new cash deposited; cash withdrawn, or changes in relative performance that would suggest an opportunity to re-balance an account. Periodically, and more often during market declines, we review accounts for opportunities to sell securities at a loss (when held in taxable accounts) to capture the tax losses for future use in offsetting realized gains. Exception reports are generated so that Mosaic has a daily opportunity to review every account needing an action as defined by Mosaic's rules and then has an opportunity to take appropriate action.

In addition, investment accounts are more formally reviewed no less often than quarterly, as part of the monitoring and reporting process. These reviews are conducted by Advisors and/or the Director of Investments of Mosaic Financial Partners. Such a review and report includes addressing the following five questions:

- How did your portfolio perform over the last period, on both a nominal and relative basis?
- What parts of your portfolio did well? Poorly?
- Is your current portfolio allocation in line with the target allocation set forth in the Investment Policy Statement, as updated? If not, what changes are called for?
- Does your target portfolio continue to make sense for you? Has a change in your personal circumstances or in the broader world occurred that suggests a need to change the target allocation?
- Have any investments in your portfolio performed in an unexpected manner over a reasonable time or has some other change occurred that suggests that a change in investments be made at this time?

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### **Review Triggers**

Apart from the periodic reviews identified in the previous section, extra attention and broader reviews may occur when market conditions dictate, when client circumstances change, or other material events occur. These events may include (but are not limited to) the following:

- Periods of greater than usual market volatility
- Unusual or unexpected events such as political or economic turmoil, natural disasters, etc.
- Changes in tax laws
- New investment information pertaining to investments held in client portfolios
- A request from the client to liquidate and disburse some portion of the portfolio.
- A significant change in the personal or financial circumstances of the client.
- A significant change in the status of the financial markets.
- A security is added to or deleted from the “Approved List” maintained by Mosaic’s Department of Investment Management

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### **Regular Reports**

Clients receive performance reports from Mosaic every quarter, typically 3-4 weeks after the end of the calendar quarter. These reports are delivered either in written or electronic form, and include account and securities valuations, current and target asset allocation status, and overall performance (net of fees) stated in dollars and percentages for various periods of time, including since inception of the relationship.

Client communications occur at several levels:

- Confirmations document all transactions and are provided to the client by the custodian upon the occurrence of each buy or sell transaction.
- Statements of account holdings and a summary of the transactions during the reporting period are prepared and distributed no less frequently than quarterly by the respective custodian; in most cases these are provided monthly.
- Quarterly status reports and commentary are prepared and distributed by Mosaic or other third-party investment service providers.
- A newsletter on investment and financial planning topics is provided to all clients approximately four times a year.
- Client meetings are generally held at least annually to review the account and the appropriateness of the holdings.
- Frequent email and telephonic communication also helps to keep Mosaic in touch with its clients.

## **Client Referrals and Other Compensation**

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### **Client Referrals**

Mosaic may from time to time compensate either directly or indirectly, certain entities for client referrals. All payments shall be according to established written agreements and are in compliance with the Investment Advisors Act of 1940, Section 275.206(4)-3 and all

applicable federal and state laws. Clients procured by such referral arrangements will be given full written disclosure of the terms and fee arrangements between Mosaic and the soliciting person or company. At this time, Mosaic does not have any direct or indirect relationships with an entity that is currently providing client referrals to Mosaic for compensation

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**Referrals to Third Parties**

Mosaic does not accept referral fees or other compensation from other professionals when referring a prospect or client to such outside professionals.

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**Other Compensation**

We receive an economic benefit from custodians in the form of the support products and services it makes available to Mosaic. These products and services, how they benefit us, and the related conflicts of interest are described in this brochure. The availability of these products and services is not based on Mosaic giving particular investment advice, such as buying particular securities for our clients.

## Custody

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**Custody Policy**

With one exception, Mosaic does not have custody of client funds other than the normal business practice of deducting management fees from client accounts. Norman M. Boone is one of three co-trustees of a private family Trust for which Mosaic serves as the investment advisor. The accountant for said trust maintains all checks for the Trust's accounts and signing requires two of three trustee signatures. Mosaic has adopted the appropriate policies and procedures to monitor and supervise this relationship. Mosaic has also retained an independent accounting firm to perform a surprise audit as prescribed by Rule 206(4)-2 of the 1940 Investment Advisers Act as amended.

In certain cases and at the client's request, Mosaic allows the use of a standing letters of authorizations ("SLOA") that permits, with certain limitations the third party transfer of money between their accounts. Based on the No-Action Letter submitted by the Investment Adviser Association dated February 21, 2017, the SEC indicates that an adviser generally has custody where a client grants the adviser power in a standing letter of authorization ("SLOA") to conduct third party transfers. The No-Action Letter further states that an Adviser is exempt from the annual surprise audit requirement if it complies with the seven stated conditions of the letter that are intended to protect client assets in such situations. Mosaic meets the seven conditions the SEC has set forth and is therefore not subject to an annual surprise audit for these accounts.

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### **Account Statements**

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

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### **Performance Reports**

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisers to urge clients to compare the information set forth in their statements from their advisor with the statements received directly from the custodian to ensure accuracy of all account transactions. Mosaic has adopted the appropriate policies and procedures pursuant to said rule.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

Mosaic contracts for limited discretionary authority to transact portfolio securities accounts on behalf of clients. Discretionary authority is granted either by Mosaic's investment management agreement and/or by a separate limited power of attorney where such document is required. Mosaic has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the client on transactions in certain types of business or industries. All such restrictions are to be agreed upon in writing at the account's inception and identified in the Investment Policy Statement.

Mosaic will consult with the client where discretion is not obtained prior to each trade in order to obtain client approval for the transaction(s).

The client authorizes Mosaic to select the custodian to be used and as a part of that choice, the commission rates paid by the client accounts for transactions implemented by the custodian as directed by Mosaic. Mosaic does not receive any portion of the transaction fees or commissions paid by the client to the custodian on trades.

## **Voting Client Securities**

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### **Proxy Votes**

As a general rule, Mosaic will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the



voting of these proxies. Mosaic does not give any advice or take any action with respect to the voting of these proxies.

However, in rare instances, where Mosaic may use the services of other third-party investment managers (sub-advisers), the sub-adviser may retain the right to vote proxies for securities held in client accounts. As a matter of policy and as a fiduciary, the sub-adviser has the responsibility for voting proxies for the securities consistent with the best economic interests of the client's security positions. The sub-adviser shall exercise its proxy voting authority in accordance with their proxy voting policies and procedures as outlined in the sub-advisor Form ADV Part 2A. The sub-adviser shall provide such information relating to its exercise of proxy voting authority (including the manner in which it has voted proxies and its resolution of conflicts of interest) as reasonably requested by Mosaic from time to time.

Clients may obtain a copy of a sub-advisor's policies by contacting Geoffrey M. Zimmerman, Mosaic's Chief Compliance Officer ("CCO"), at (415) 788 1952 or by email at [Geoff@MosaicFP.com](mailto:Geoff@MosaicFP.com).

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Mosaic promptly passes along any proxy voting information to the clients or their representatives.

## Financial Information

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### Financial Condition

Mosaic does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. Mosaic meets all net capital requirements to which it is subject. Mosaic has not ever been the subject of a bankruptcy petition.

Mosaic is not required to provide a balance sheet to the SEC as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

## Information Security Program

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### Information Security

Mosaic maintains an information security program to reduce the risk that your confidential nonpublic personal and financial information may be breached.

## **Privacy Practices**

Below is a summary of Mosaic's Privacy Policy regarding client personal information. A complete version of the Privacy Policy may be obtained by contacting the Compliance Officer of Mosaic.

Mosaic Financial Partners, Inc.:

- a) Collects non-public personal information about its clients from the following sources:
  - Information received from clients on applications or other forms;
  - Information about clients' transactions with Mosaic, its affiliates and others;
  - Information received from our correspondent clearing broker with respect to client accounts;
  - Medical information submitted as part of an insurance application for a traditional life or variable life policy; and
  - Information received from service bureaus or other third parties.
  
- b) Mosaic will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
  - When required to maintain or service a customer account;
  - To resolve customer disputes or inquiries;
  - With persons acting in a fiduciary or representative capacity on behalf of the customer;
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
  - In connection with a sale or merger of Mosaic's business;
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
  - To comply with federal, state or local laws, rules and other applicable legal requirements;
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
  - In any circumstances with the customer's instruction or consent.



- c) Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
- d) Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.

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FINANCIAL PARTNERS, INC.

*Your Vision. Your Wealth. Your Life.*

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Firm Brochure  
Part 2B of Form ADV

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This brochure supplement provides information about *Mosaic Financial Partners* that supplements the *Mosaic Financial Partners* brochure. You should have received a copy of that brochure. Please contact *Geoff Zimmerman, Chief Compliance Officer* if you did not receive the *Mosaic Financial Partners* brochure or if you have any questions about the contents of this supplement. Additional information about *Mosaic Financial Partners* is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*March 2018*

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**Norman M. Boone**  
**President & Majority Stockholder**

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**Year of Birth:** 1947

**Professional Designations:**

- CFP® (Certified Financial Planner), June 1984

**Education:**

- College for Financial Planning, CFP, 1982 - 1984
- Harvard University, MBA, 1975 - 1977
- Stanford University, BA, 1965 - 1969

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc. (and its predecessors), since 1987 - Founder and Principal

**Other Business Activities:**

- SF Estate Planning Council, since 2004 – Past President
- BLIPS Partners, LLC, - Co-Owner, since 2004
- Fi360, since 2013 – Former Co-Owner, part-time consultant
- Harvard Club of San Francisco, since 2008 – member and former Treasurer
- Harvard Business School Assn. of NorCal, since 2003 – Board Member
- Oakland City Advisory Council, since 2015 – Member
- Union Square Foundation, since 2018 – Board Member

**Additional Compensation:** None

**Supervision:**

Norman Boone is the Chief Executive Officer of Mosaic Financial Partners Inc. and as such reports to the Board of Directors regarding client activities of the Firm. Also, Norman Boone's client activities are reviewed and monitored for compliance purposes by the Chief Compliance Officer, Geoff Zimmerman who can be reached at (415) 788-1952 or at [Geoff@MosaicFP.com](mailto:Geoff@MosaicFP.com)

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**Kevin Gahagan**  
**Principal & Minority Stockholder**

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**Year of Birth:** 1955

**Professional Designations:**

- CFP® (Certified Financial Planner), September 1999
- CIMA® (Certified Investment Management Analyst) August 2005
- CIMC (Certified Investment Management Consultant), March 1998
- CDP (Certified Divorce Planner), April 1997
- CEP (Certified Estate Planner), January 1996

**Education:**

- University of California, Berkeley, Certificate in Personal Financial Planning with Distinction, 1999
- Saint Mary's College, BA in Management, with honors, 1994

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc. (and its predecessors), since 1998 – Principal & Chief Investment Officer

**Other Business Activities:**

- American Association of Individual Investors, since 2002 – Director (San Francisco Chapter)

**Additional Compensation:** None

**Supervision:**

Kevin Gahagan is supervised by Norman Boone, President & Majority Stockholder. He reviews Kevin Gahagan's work through frequent office interactions.

Norman Boone's contact information:

Phone: (415) 788-1952 Email: [Norm@MosaicFP.com](mailto:Norm@MosaicFP.com)

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**David W. Cowles**  
**Professional Staff Member**

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**Year of Birth:** 1954

**Professional Designations:**

- CFP® (Certified Financial Planner), October 2000
- CPA (Certified Public Accountant), California license #26442 (retired), July 1978

**Education:**

- Golden Gate University, MS in Finance, 1991, Personal Financial Planning Concentration
- California State University at Chico, BS in Business Administration, 1976

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc. (and its predecessors), since 1997 - Director of Investments

**Other Business Activities:**

- None

**Additional Compensation:** None

**Supervision:**

David W. Cowles is supervised by Kevin Gahagan, Principal. He reviews David W. Cowles' work through frequent office interactions.

Kevin Gahagan's contact information:

Phone: (415) 788-1952 Email: [Kevin@MosaicFP.com](mailto:Kevin@MosaicFP.com)

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**Sabrina Lowell**  
**Senior Advisor & Chief Operating Officer**

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**Year of Birth:** 1979

**Professional Designation:**

- CFP® (Certified Financial Planner), June 2005
- CPCC (Certified Co-Active Coach), December 2017

**Education:**

- Principia College, BA in Business Administration, 2002

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc. (and its predecessors), since 2002 – Principal, Advisor & Chief Operating Officer

**Other Business Activities:**

- The Olympic Club, since 2014 – Member of Committee
- Junior League of San Francisco, since 2013 – Board of Directors
- Coaches Training Institute, since 2017– Life Coach

**Additional Compensation:** None

**Supervision:**

Sabrina Lowell is supervised by Norman Boone, President & Majority Stockholder. He reviews Sabrina Lowell's work through frequent office interactions.

Norman Boone's contact information:

Phone: (415) 788-1952 Email: [Norm@MosaicFP.com](mailto:Norm@MosaicFP.com)

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**Geoffrey M. Zimmerman**  
**Senior Advisor & Chief Compliance Officer**

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**Year of Birth:** 1962

**Professional Designation:**

- CFP® (Certified Financial Planner), May 2000
- AAMS® (Accredited Asset Management Specialist), April 1999

**Education:**

- University of California, Santa Barbara, BA in Economics and Mathematics, 1989
- University of California, Berkeley, Certificate in Personal Financial Planning with Distinction, 2000

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc. (and predecessor), since 2007 – Principal, Senior Advisor and Chief Compliance Officer

**Other Business Activities:**

- Estate Planning Council of Diablo Valley, since 2007 – Board of Directors & Past President
- East Bay Regional Parks Foundation, since 2015 – Member of Planned Giving Committee
- Keiretsu Forum, since 2018 - Member

**Additional Compensation:** None

**Supervision:**

Geoffrey M. Zimmerman is supervised by Norman Boone, President & Majority Stockholder. He reviews Geoffrey M. Zimmerman's work through frequent office interactions.

Norman Boone's contact information:

Phone: (415) 788-1952 Email: [Norm@MosaicFP.com](mailto:Norm@MosaicFP.com)



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**Mary Ballin**  
**Professional Staff Member**

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**Year of Birth:** 1962

**Professional Designation:**

- CFP® (Certified Financial Planner), May 2010
- CDFA ® (Certified Divorce Financial Analyst), February 2018

**Education:**

- Cal State University, Hayward (East Bay), BS in Business and Marketing, 1985

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc. (and predecessor), since 2003 – Senior Financial Planner

**Other Business Activities:**

- Tri-Valley Estate Planning Council, since 2014 – Current Member and Past President
- ProVisors, since 2014 – Board Member
- American Cancer Society: Contra Costa Professional Advisory Board, since 2016
- East Bay Community Foundation, since 2016 – Professional Advisor

**Additional Compensation:** None

**Supervision:**

Mary Ballin is supervised by Norman Boone, President & Majority Stockholder. He reviews Mary Ballin's work through frequent office interactions.

Norman Boone's contact information:

Phone: (415) 788-1952 Email: [Norm@MosaicFP.com](mailto:Norm@MosaicFP.com)

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**Steven Branton**  
**Professional Staff Member**

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**Year of Birth:** 1974

**Professional Designations:**

- CFP® (Certified Financial Planner), April 2009
- ADPA (Accredited Domestic Partner Advisor), October 2012
- CPCC (Certified Co-Active Coach), February 2018

**Education:**

- Tulane University, BA in Economics, 1996
- Tulane University, BA in Latin American Studies, 1996

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc., since 2011 – Senior Financial Planner
- Hilltop Advisors LLC, 2008 to 2011 - Planner

**Other Business Activities:**

- Horizons Foundation Prof Advisory Council, since 2013 – Board Member

**Additional Compensation:** None

**Supervision:**

Steve Branton is supervised by Sabrina Lowell, Principal & Chief Operating Officer. She reviews Steven Branton's work through frequent office interactions.

Sabrina Lowell's contact information:

Phone: (415) 788-1952 Email: [Sabrina@MosaicFP.com](mailto:Sabrina@MosaicFP.com)

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**Elizabeth L. Revenko**  
Professional Staff Member

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**Year of Birth:** 1969

**Professional Designations:**

- CFP® (Certified Financial Planner), November 2013
- CPCC (Certified Professional Co-Active Coach), February 2018

**Education:**

- University of California - Berkeley, Certificate in Personal Financial Planning with distinction 2012
- University of California - Santa Barbara, MA in Economics 1999
- San Diego State University, MBA 1997
- Wellesley College, BA in Biology, minor in Economics 1991

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc., since 2012 – Financial Planner
- Asti Financial Management, 2011 – Paraplanner
- Marin Institute, 2009-2011– Economist

**Other Business Activities:**

- Fiction Writer, since 2004
- San Domenico School, since 2017 - Committee Member

**Additional Compensation:** None

**Supervision:**

Elizabeth L. Revenko is supervised by Sabrina Lowell, Principal & Chief Operating Officer. She reviews Elizabeth Revenko's work through frequent office interactions.

Sabrina Lowell's contact information:

Phone: (415) 788-1952 Email: [Sabrina@MosaicFP.com](mailto:Sabrina@MosaicFP.com)

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**Sheila M. Schroeder**  
**Professional Staff Member**

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**Year of Birth:** 1961

**Professional Designations:**

- None

**Education:**

- Indiana University – Bloomington, IN B.A. Political Science. 1983

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc., since 2015 – Director of Client Development
- Mountain Lake Investment Management, 2014 – Director of Investor Relations
- Macquarie Group, 2004 – 2013 – Division Director, Asian Equity Sales
- ING Barings / ING Financial, 1997 – 2004 – Managing Director
- Lehman Brothers Inc., 1994 – 1997 – Senior Vice President

**Other Business Activities:**

- San Francisco Waldorf School, since 2010 – Trustee, Board Member, President
- Chautauqua Institution, since 2014 – Volunteer, Special Studies Instructor
- Center for Reproductive Rights, since 2015 – Volunteer
- Electing Women San Francisco, since 2015 – Co-Founder
- Chautauqua Womens Club, since 2016 – Speaker
- Chautauqua Foundation, since 2017 – Board Member
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**Additional Compensation:** None

**Supervision:**

Sheila M. Schroeder is supervised by Norman Boone. He reviews Ms. Schroeder's work through frequent office interactions.

Norman Boone's contact information:

Phone: (415) 788-1952 Email: [Norm@MosaicFP.com](mailto:Norm@MosaicFP.com)

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**George Galat V**  
Professional Staff Member

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**Year of Birth:** 1989

**Professional Designations:**

- CFP® (Certified Financial Planner), August 2015

**Education:**

- Arizona State University – BS, Economics, 2012

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc., since 2016 – Financial Planner
- UBS Financial Services, Inc., 2015 – 2016 – Wealth Planning Analyst
- Vanguard Group, 2013 – 2015 - RCAS Associate
- Miller Russell Associates, 2011 – 2013 – Finance Intern

**Other Business Activities:**

- None

**Additional Compensation:** None

**Supervision:**

George Galat V is supervised by Sabrina Lowell. She reviews Mr. Galat's work through frequent office interactions.

Sabrina's contact information:

Phone: (415) 788-1952 Email: [Sabrina@MosaicFP.com](mailto:Sabrina@MosaicFP.com)

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**Stephen Kepler**  
Professional Staff Member

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**Year of Birth:** 1968

**Professional Designations:**

- CFP® (Certified Financial Planner), March 2017

**Education:**

- Vanderbilt University – BA, Economics, 1990

**Work Experience** (Previous 5 years):

- Mosaic Financial Partners, Inc., since 2017 – Financial Planner
- Aspiriant LLC, Associate Wealth manager, 2014 - 2016
- Weeden & Co, Senior Equity Sales, 2010 - 2013

**Other Business Activities:**

- None

**Additional Compensation:** None

**Supervision:**

Stephen Kepler is supervised by Sabrina Lowell. She reviews Mr. Kepler's work through frequent office interactions.

Sabrina Lowell's contact information:

Phone: (415) 788-1952      Email: [Sabrina@MosaicFP.com](mailto:Sabrina@MosaicFP.com)

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FINANCIAL PARTNERS, INC.

*Your Vision. Your Wealth. Your Life.*

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**Our mission is to:**

*Improve our clients' lives by providing caring, knowledgeable financial solutions and advice that helps our clients attain their lifetime goals and aspirations.*

Mosaic Financial Partners, Inc.  
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San Francisco, CA 94108

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