

**FORM ADV PART 2A
BROCHURE**

of

Harbour Financial Resources, Ltd.

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This brochure provides information about the qualifications and business practices of Harbour Financial Resources, Ltd. If you have any questions about the contents of this brochure, please contact Robert A. Leon at (847) 675-6836 and at rleon@hfrltd.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 Harbour Financial Resources, Ltd. is also available on the SEC's website at www.adviserinfo.sec.gov. The Adviser's IARD number is 110261.

Harbour Financial Resources, Ltd. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

March 23, 2016

Material Changes

Form ADV Part 2A, Item 2

This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This brochure dated March 23, 2016 contains no material changes since our brochure dated March 10, 2015 which was filed with our last annual updating amendment.

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Advisory Business

Form ADV Part 2A, Item 4

Harbour Financial Resources, Ltd. ("HFR") is an SEC registered investment adviser which provides investment supervisory services and financial planning consultations for individuals and business entities. Its principal place of business is in Skokie, Illinois. HFR has been in business since 1994 and is owned by Robert A. Leon, its President.

Types of Services

A. Financial Planning

HFR provides financial planning services for individuals and business entities. Financial Planning services for individuals include, but are not limited to the following: financial statement review, portfolio analysis, tax planning including tax return preparation and other applicable financial aspects of one's life. If appropriate a comprehensive plan will be prepared, which will assess the client's current overall situation, address the above concerns, and provide recommendations for changes which can assist in the achievement of the client's goals and objectives. In addition, accounting and bookkeeping services are available and provided.

Business financial planning includes: selection of the proper form of doing business, employee benefits, business continuation, business documentation, buy/sell agreements, non-qualified compensation planning, pension planning, and other business concerns which may apply.

Upon presentation of the written plan, if the client is not satisfied with the services provided by HFR, and HFR is not able to correct the plan to the client's satisfaction, HFR will refund all fees paid. In that instance, the client agrees to return the plan to HFR.

Investment Supervisory Services

HFR also offers investment planning and consultation on a non-discretionary basis and for a fee based upon assets under management. This program is designed to permit HFR to purchase and sell primarily no-load mutual funds pursuant to client's investment policy statement and objectives. HFR uses a variety of tools to determine a client's suitability for certain investments including a risk questionnaire, client profile, and in person meetings with the client. After reviewing the above, HFR will create an investment policy statement, and make recommendations of securities based upon that statement. A client may notify HFR of any restrictions as to the purchases or sales of securities in their account and HFR

will note and honor those restrictions. In order to establish that an investment is suitable for a client, HFR employs the use of Client Profiles and Risk Profiles.

HFR advises on all securities, including equities, debt instruments, commercial paper, government bonds, corporate bonds, mutual funds, public and private partnerships, secured notes, and exchange-traded funds. Most client assets are held at Charles W. Schwab (“Schwab”) and those client transactions are cleared through Schwab Institutional pursuant to the Adviser’s clearing agreement with Schwab. The custody of client funds and securities are maintained by Schwab, not HFR. Pershing/Lockwood Financial Services also serves as custodian of some client’s assets.

During any month that there is activity the Client will receive a monthly account statement from Schwab showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the account.

This program may be terminated by either party upon written notice, which shall be effective when received by the other party or upon the passing of thirty (30) business days from the date of termination notice, whichever occurs sooner.

Monitoring Investments

In addition, HFR may also monitor other investments selected by the clients themselves, such as equity securities. HFR on a limited level may make recommendations regarding equity investments; however as part of its overall asset management program, it will monitor the investments that clients have selected themselves. This monitoring includes newspapers, SEC filings and news available to the general public. We also monitor for stock style and basic technical and fundamental analysis.

Recommendation of Third Party Advisors

If during the review of a clients’ portfolio, it is recommended that the client utilize the services of individually managed account(s), the client may be advised to utilize the services of another advisor or broker-dealer such as but not limited to, Lockwood Financial Services/Pershing.

Assets Under Management

As of December 31, 2015, HFR had \$144,484,909 under management on a non-discretionary basis only, with 545 accounts.

Fees and Compensation

Form ADV Part 2A, Item 5

Financial Planning

HFR provides financial planning services on an hourly basis with the rates ranging from \$40 per hour to \$500 per hour (hereinafter referred to as the “Fee”), depending upon the qualifications and experience of the staff person performing the work. Furthermore, a client may choose to utilize the financial planning format on a modular basis, whereby the client chooses which areas of their financial realm they wish to have reviewed and analyzed. The first module fee is \$1000 and each module thereafter is \$750 each. Additional modular fees range from \$750 on up depending on work required.

A minimum retainer fee of at least \$500 is payable upon signing of the engagement agreement. The balance will be payable upon presentation of the written plan. (Plans are generally completed within four months). Generally, HFR bills on a monthly basis. Billing to business clients can be either on a retainer basis or monthly billing based on time incurred.

Investment Supervisory Services

1. Adviser’s Fee:

HFR charges a fee based upon a percentage of assets under management for clients who utilize its investment supervisory services. The Adviser’s fee schedule is as follows:

Portfolio Value	Annual Fee	Annual Fee if Option* Investing is Desired	Annual Fee on Outside Assets Personally Held
0 to \$100,000	1.25% of account balance	Not Available	.25% on 9/30 asset balance as provided by client
\$100,001 to \$1,000,000	1.0% on first \$100,000 .75% from \$100,001 to \$1,000,000	1.25% on first \$100,000 1.0% from \$100,001 to \$1,000,000	.25% on 9/30 asset balance as provided by client
\$1,000,000 to \$5,000,000	1.0% on first \$100,000 .75% from \$100,001 to \$1,000,000 .35% from \$1,000,001 to \$5,000,000	1.25% on first \$100,000 1.0% from \$100,001 to \$1,000,000 .50% from \$1,000,001 to \$5,000,000	.25% on 9/30 asset balance as provided by client
\$5,000,000+	1.0% on first \$100,000 .75% from \$100,001 to \$1,000,000 .35% from \$1,000,001 to \$5,000,000 .25% from \$5,000,001 and up	1.25% on first \$100,000 1.0% from \$100,001 to \$1,000,000 .50% from \$1,000,001 to \$5,000,000 .40% from \$5,000,001 and up	.25% on 9/30 asset balance as provided by client

*Option Investing refers to the utilization of options (Puts, Calls, etc.) as part of your investing program. There is an additional fee, due to the increased time and analysis required.

The account fee is paid quarterly, in arrears, based upon the value of the assets in the clients' account as of the last day of the previous quarter. The first account fee may be due upon execution of the Investment Advisory Agreement and will be prorated accordingly. Subsequent account fees are due and will be assessed on the first day of each quarter based on the value of the account assets under supervision as adjusted for quarterly withdrawals and deposits (cash flow) as of the close of business on the last business day of the preceding quarter as valued by Schwab. HFR charges a minimum annual fee of \$3000.00 per account/household. Fees actually paid will be credited against the \$3000.00 minimum and the client will be invoiced for the balance.

The annual advisory fee is on the entire account balance. Fees shall be paid directly to HFR by Custodian subject to pre-authorization to Custodian by Client. If during a quarter the client chooses to utilize HFR's additional options investing service (puts, call, etc.), then the client will automatically be subject to that schedule as shown above to be applied to the quarter in which the change occurs and vice versa, if that schedule was not originally selected. If selected, the annual fee on outside assets such as 401k plans or assets not under direct supervision by HFR will be assessed a fee as shown, to be calculated by a

client provided 9/30 statement of that asset. The fee will be calculated on that account balance and ratable (spread over the upcoming quarters starting at the beginning of the next year) added to the quarterly investment advisory fee as calculated (beginning with the next year) in either the Annual Fee column or the Annual Fee if Option Investing is Desired column. If the client chooses to decline this fee, then the client may incur additional financial planning update fees.

Additional deposits or withdrawals of funds and/or securities on existing accounts are subject to the same billing procedure. If assets are deposited or withdrawn by a client after the inception of a quarter, the account fee payable with respect to such assets is pro-rated based on the number of days remaining in the quarter.

Account fees are deducted directly from the client's account pursuant to the Investment Advisory Agreement. Clients may also request that these quarterly fees be billed to them directly or to a specific account upon agreement by HFR and the client, on a case-by-case basis. In addition, HFR is authorized to sell certain positions in Client's accounts in order to pay HFR's quarterly fees or as required by Client's withdrawals. We will access other accounts to avoid short term redemption fees and any other costs as we see fit in order to satisfy quarterly management fees.

The above stated fee arrangement may be negotiated on a case-by-case basis.

2. Transaction costs

In addition to the account fee stated above, clients will pay transaction costs for execution of trades in their account. These may include custodial fees, commissions, and loads on mutual fund shares. HFR's brokerage practices are detailed in the section entitled Brokerage Practices.

In the event that the client chooses to purchase a mutual fund that charges a load, the standard sales charges listed in the fund's prospectus will apply. There is no extra transaction fees associated with a fund that imposes a load. The quarterly fee as discussed above will also be assessed against these funds. HFR does not receive any commissions on these transactions.

All mutual funds pay management fees to their investment advisers and certain funds have other types of fees or charges, including 12b-1 fees, administrative fees, or shareholder servicing fees, which may be deducted from the net asset value of the mutual funds that may be held in a client's portfolio. These types of fees are routinely borne by all mutual fund shareholders as an indirect expense to their account and are in addition to the management fees charged by HFR.

Monitoring Investments

There is no additional cost for monitoring investments selected by the clients. HFR will discuss client selected investments with the client but will offer no opinion on when to buy or sell client selected investments as HFR does not do any independent research on these investments selected by the client.

Recommendation of Third Party Advisors

In the event that HFR recommends the use of a third party advisor or broker-dealer, HFR may assess a fee ranging from 10 to 200 basis points. This fee is charged to the client's account and will be discussed with the client prior to utilizing these services. This fee can be negotiated.

The advisers whom HFR recommends or its clients also charge a management fee which is in addition to the management fee charged by HFR to that client.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

HFR does not charge performance fees on client accounts.

Types of Clients

Form ADV Part 2A, Item 7

HFR generally provides investment advice to individuals, pension and profit sharing plans, and trusts, estates or charitable organizations.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

HFR uses fundamental and technical methods of analysis to formulate investment advice based on various sources of information, including financial newspapers and magazines, research materials not prepared by HFR, and corporate ratings services, as well as the various filings companies make with the Securities and Exchange Commission, including annual reports, prospectuses and other filings.

HFR does not use any specific models. Investing style and recommendations are based on risk tolerance and the client's personal financial goals, objectives and needs.

HFR renders investment advice on public and private partnerships investing in leasing, mortgages, agriculture, and various other types of businesses. HFR also gives investment advice concerning secured notes and Exchange Traded Funds.

Disciplinary Information

Form ADV Part 2A, Item 9

Neither HFR nor its owner, Robert Leon, has any disciplinary information to report.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

HFR is licensed as an insurance agency with the State of Illinois. Robert A. Leon, President of HFR, and Michael G. Viecei, an advisory representative of HFR, as insurance agent, receive usual and ordinary insurance/annuity commissions for the placement of insurance/annuities in client accounts. HFR is licensed to sell life, health, and disability insurance as well as annuities. This practice may create a conflict of interest between HFR and the client in that it may give an incentive for HFR agents to recommend investment products based upon the compensation received. However, the needs of the client will always supersede HFR's compensation.

HFR addresses this conflict by notifying clients that they are not obligated to purchase any insurance, financial products, or any other investments through HFR. Moreover, HFR may recommend other brokers or insurance agents for these services. Finally, a review by HFR indicates that the commissions payable to Robert A. Leon and/or Michael G. Viecei are substantially similar to commissions that are paid in the industry so clients do not pay more by utilizing HFR's services for these other products.

In addition, due to HFR's relationships with providers of investment and insurance products, the HFR can and has utilized discounts on the purchase of software used in HFR's day-to-day operations.

Moreover, HFR obtains investment advisory services and managed money products from Lockwood Financial Services, Inc., a registered Broker-Dealer and investment advisor, through its Managed Account Link and Mutual Fund Link programs. Clients contract with Lockwood Financial Services, Inc. for these services and products. HFR may collect certain financial information regarding clients, and make that information available to Lockwood. Client is referred to Lockwood ADV, Part 2, Schedule H (wrap fee brochure) for a complete discussion and disclosure regarding its programs.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

HFR has adopted a Code of Ethics pursuant to Section 204A-1 of the Advisers Act. That Code governs HFR's conduct concerning such matters as insider trading, personal securities trading, outside business activities, and gifts. Specifically the Code prohibits the use of material non-public information in both employee accounts and for client accounts. In addition, the Code requires that employees follow the structure set forth below regarding trading in securities that clients may also be purchasing and selling. In order to monitor employees personal securities trading, the Code requires an initial holdings report for new employees, an annual holdings report for current employees and quarterly reporting by employees of their personal securities by furnishing , electronically or by paper, duplicate copies of their brokerage statements. The Code also mandates certain procedures for keeping client information confidential and secure and sets forth limits for the giving or receipt of gifts by HFR and its employees. A client may receive a copy of HFR's Code of Ethics upon request.

HFR or its employees may, from time to time buy or sell securities that HFR buys or sells for its clients. The timing of these purchases may depend upon the investment circumstances of the parties involved. However, if HFR or any of its employees purchases or sells securities simultaneously with one of HFR's clients, then the client will receive preference in execution and price.

Brokerage Practices

Form ADV Part 2A, Item 12

Financial Planning

For financial planning clients, HFR may recommend certain brokers to clients for the purpose of implementing their financial plan. Generally this includes the purchase and sale of securities and certain insurance products. Based upon information provided by these referral sources, clients of HFR will pay fees and/or commissions that are substantially similar to other brokers or advisors for similar products and services. The facts and circumstances related to the client (complexity of plan, location of client, dollars to be invested, etc.) are considered in determining to which broker or brokers HFR will refer the client.

Brokerage for Investment Management

For the brokerage to be implemented for its investment supervisory services, HFR considers the following factors before suggesting a particular brokerage firm to clients: the products offered, the level of service, execution, and the ability to meet client needs. In assessing the reasonableness of their commissions, HFR compares various brokerage firm rates and advises clients of the best overall firm. HFR remains flexible in the use of other brokerage firms upon client request or where otherwise appropriate.

Generally, however, HFR will effect securities transactions through Schwab for its investment management clients, since Schwab acts as custodian for most client accounts. HFR does not receive research or any other investment related products from Schwab in return for placing its clients' brokerage there. The only items that HFR receives from Charles A. Schwab & Co. are discounts on Morningstar modules as well as fund research available on their public website.

Directed Brokerage

HFR does not allow for clients to direct brokerage to other broker-dealers. HFR remains flexible in the use of Schwab as custodian for client accounts.

Soft Dollars

HFR does not receive research or any other investment related products from Schwab in return for placing its clients' brokerage there.

Trade Aggregation and Trade Allocations

Due to the fact that HFR acts on a non-discretionary basis only with clients, it does not block client trades, nor does it allocate from any type of group fill.

Trade Errors

HFR corrects all trade errors through a Trade Error Account. HFR will pay for any loss for an incorrect trade in a client account. If there is any gain due to a trade error, Schwab will retain the gain.

Review of Accounts

Form ADV Part 2A, Item 13

Robert A. Leon, CPA and CFP and Michael Viecei, CFP, review HFR accounts. Client accounts are reviewed at least annually but may be done more frequently if a client request a review, or economic circumstances trigger such a review. These economic circumstances include an increase in the volume of requests by the client for transactions or liquidations, or a change in the overall performance of the account. External factors that trigger more frequent reviews may include economic volatility of the markets, war, or natural disasters. Per the client's request, HFR may review only a portion of their plan or investments are requested. These are done on a case by case basis. The number of accounts is shared between Robert Leon and Michael Viecei.

Custodians of client accounts send account statements, at least quarterly, to HFR clients whether they are direct clients or clients whose accounts are managed by a third-party money managers. These statements include a complete listing of all account activity, holdings and current values.

In addition, HFR may send at least annually to each of its clients who have assets under management, a report detailing their portfolio holdings, market prices and performance information. On these statements, HFR has affixed a statement that urges clients to compare the value reported on HFR's statement to the value on the custodial statement.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

HFR may pay a referral fee to certain advisors for referring clients to HFR. Such referral fees will be a percentage (10-50%) of the collected fee for the management of client assets. All such arrangements will be in compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

Custody

Form ADV Part 2A, Item 15

HFR does not have custody of client funds or securities. Assets are custodied at a qualified custodian who sends account statements, at least quarterly to clients. Clients should carefully review these statements. Periodically or upon request, HFR will send portfolio statements to clients. HFR strongly urges clients to compare these performance statements to their custodian statements for accuracy and completeness. Statements from HFR have a disclosure statement reminding clients to compare statements from HFR to custodial statements for accuracy and completeness.

Investment Discretion

Form ADV Part 2A, Item 16

HFR does not accept discretionary authority to manage securities accounts on behalf of any clients.

Voting Client Securities

Form ADV Part 2A, Item 17

As a matter of firm policy, HFR does not vote client securities on behalf of clients. Clients are responsible for instructing each custodian of the client's assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Financial Information

Form ADV Part 2A, Item 18

HFR has not been the subject of a bankruptcy petition at any time during the past ten years, nor have any of its employees. HFR has no financial circumstances to report.

Additional Information/Privacy Policy

Form ADV Part 2A, Item 19

(Privacy Policy)

All information given to Harbour Financial Resources, Ltd. (“Harbour”) and all recommendations and advice furnished to Harbour to the client will be kept confidential and will not be disclosed to anyone, except as Harbour may be required to do so by law.

Harbour will collect non-public personal information (NPI) about the client as part of the engagement. This information will be obtained directly from the client and includes details such as the client’s date of birth, social security number, financial account numbers and balances, tax returns, sources and amounts of income, home addresses, telephone numbers, and other such personal information.

As part of Harbour’s privacy policy, Harbour restricts access to confidential personal information about the client to those Harbour employees who need to know the information in order to provide products or services to the client. Harbour maintains physical, electronic and procedural safeguards to comply with federal standards to guard the client’s confidential personal information.

Harbour may share the client’s NPI with non-affiliated third parties. These third parties may be various affiliated or non-affiliated entities who may act as custodian and account holder for clients of Harbour, or insurance providers. Harbour will share only the appropriate customer NPI necessary to ensure that Harbour is able to provide the highest level of service to the client.

Use of nonpublic information of former clients. Harbour will provide NPI about former clients only if required to do so by law or regulation or to those parties who need such information in order for the firm to carry out any continuous obligation with respect to the services covered by the former adviser/client relationship. Should the client prefer, Harbour will **not** disclose personal information about the client to non-affiliated third parties. The client may opt out of these disclosures; that is the client may direct Harbour not to make those disclosures (other than disclosures required or permitted by law). Should the client wish to opt out of disclosures to non-affiliated third parties; he/she may call (847) 675-6836 or e-mail rleon@hfrltd.com.

Harbour shall notify any client, at no charge, if there has been a breach of the security of its information data system following discovery of the breach. The disclosure notification

shall be made in the most expedient way possible and without delay after the breach. The notification may be done by written or electronic notice. The disclosure notification shall include but not be limited to: (i) informing the owner of the data (the client) that a breach has occurred along with the date or approximate date of the breach, (ii) informing the client of the nature of the breach, and (iii) informing the client of the steps Harbour has taken or plans to take relating to the breach.