

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2016**

TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from n/a

Commission file number: **333-90031**

Northstar Electronics, Inc.

Name of small business issuer in its charter

Delaware

State or other jurisdiction of
incorporation or organization

#33-0803434

IRS Employer Identification No.

**2020 General Booth Blvd, Unit 230,
Virginia Beach, VA, USA 23451**

Address of principal executive offices and Zip Code

Issuer's telephone number (**647-286-4594**)

Securities registered pursuant to section 12(b) of the Act
None

Securities registered pursuant to section 12(g) of the Act
None

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. (1) **Yes** **No** (2) **Yes** **No**

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer []

Accelerated Filer []

Non-accelerated filer []

Smaller reporting Company [X]

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] **No** [X]

State issuer's revenues for its most recent fiscal year: **\$0**

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act).

Note - If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

Aggregate market value of voting common equity held by non-affiliates as of June 30, 2016: **\$630,000** approximately

Aggregate market value of non-voting common equity held by non-affiliates as of June 30, 2016: **Not Applicable**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. Outstanding shares of common stock as of March 10, 2017: **86,252,790**

Documents incorporated by reference: **None**

Transitional Small Business Disclosure Format (Check one): Yes [] **No** [X]

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Note Regarding Forward Looking Statements

Except for statements of historical fact, certain information contained herein constitutes 'forward looking statements'. Forward looking statements address our current plans, intentions, beliefs and expectations and are statements of our expected future economic performance. Statements containing terms like 'will', 'believes', 'does not believe', 'plans', 'expects', 'intends', 'estimates', 'anticipates', 'may' and other phrases of similar meaning or the negative or other variations of these words or other comparable words or phrases are considered to imply uncertainty and are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or achievements of the Company to be materially different from any future results or achievements of the Company expressed or implied by such forward looking statements. Such factors include, but are not limited to changes in economic conditions, government regulations, contract requirements and abilities, behavior of existing and new competitor companies and other risks and uncertainties discussed in this annual Form 10-K report.

We cannot guarantee our future results, level of activity, performance or achievements. Neither I nor any other person assumes responsibility for the accuracy and completeness of these forward looking statements. We are under no duty to update any of the forward looking statements after the date of this report.

Risk Factors

Investment in our common stock involves a high degree of risk. Prospective investors should carefully consider the following risk factors in addition to other information in this annual report before purchasing our common stock.

Because we have a net loss from operations of \$535,288 for the year ended December 31, 2016 and have accumulated losses of \$12,916,626 from inception, we face a risk of insolvency and we remain dependent on equity and debt financing to help pay operating costs and to help cover operating losses. Business financing is being pursued.

The Company had previously been dependent on contract manufacturing which did not deliver long term positive financial results, as had been expected. We are, at present, working to develop a business area in the aerospace sector. Our future is uncertain if we fail to develop this business area. Please also refer to our December 31, 2016 year end audited financial statements and notes thereto.

The auditor's report for our December 31, 2016 consolidated financial statements includes an additional paragraph that identifies conditions which raise doubt about our ability to continue as a going concern. The audited financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PART I

Item 1. Description of Business

The business of the Company is primarily that of a holding company with subsidiaries. The Company's wholly owned subsidiary, National Five Holding Ltd, incorporated in British Columbia, Canada, holds a 60 percent share interest in Northstar Sealand Enterprises Ltd ("NSEL"). NSEL has been incorporated to pursue a manufacturing, marketing, sales and maintenance opportunity in the aviation industry and is in negotiations with a major aviation company.

Corporate History

The Company's wholly owned subsidiary, **Northstar Network Ltd., (NNL)**, had carried out defense, aerospace and homeland security contract manufacturing. NNL has been discontinued due to insufficient working capital, quality issues with suppliers and design changes made by the customer. The lack of capital funding was predominantly responsible for the shutdown of NNL's operations.

Our second wholly owned subsidiary **Northstar Technical Inc., (NTI)**, had been involved in underwater sonar sensors primarily related to the fishing industry. NTI has been discontinued due to several issues in the commercial fishing industry. The time taken for new technology developments using underwater communicating techniques was long. The timeframe for market introduction was also lengthy. Although NTI's sonar system was initially a success in a fast changing industry, NTI could not keep up with the larger competitors' products. The Company did not consummate the signing of a Letter of Intent to acquire a development stage company specializing in advanced sonar technologies and systems.

Homeland Security and Military Defense:

The Company had expected that design and manufacture of homeland security and anti-terrorism systems would have grown rapidly as the United States Department of Homeland Security and the United States Navy had planned to ramp up efforts to protect ports, other onshore high value assets and ships. However, the timing of their actions taken were too late for the Company to adequately participate.

Research and Development:

The Company expended efforts during the year in developing operational knowledge of the industrial single engine Turbo Prop airplane, conducting research into Supply Chain Management Systems applicable to this project, carrying out market research in different geographical areas, in conducting research into the most efficient procedures to obtain the Type Certificate for the airplane and in developing the most cost effective ways to carry out production of the airplane.

DESIGN ENGINEERING AND CONTRACT MANUFACTURING

The Company has considerable experience in contract manufacturing and has produced electronic and mechanical systems under contract to defense and aerospace companies. Products were built according to designs provided by our customers for whom the Company provided production engineering, contract manufacturing of components, sourcing and procurement of parts, assembly of full systems, testing and shipping. For several contracts, the Company also was doing electronic and mechanical design work.

The Company's former customers included Lockheed Martin MS2, Lockheed Martin Canada, Lockheed Martin Aeronautics and L-3.

NEW DIRECTION

We are now moving in a new direction whereby we intend to build our own systems in the civilian aviation sector. We believe that this affords improved control over the business outcomes compared to the contract manufacturing business.

The Company is working on plans to obtain worldwide rights to a single engine airplane with industrial applications. If successful, we intend to manufacture and market the airplane internationally and provide Maintenance, Repair and Overhaul (MRO) services in close proximity to customers. The Company's wholly owned subsidiary, National Five Holding Ltd, is a 60% shareholder of Northstar Sealand Enterprises Ltd (NSEL). NSEL, has experience in working on certified commercial aircraft and government military contracts, and has access to an established aircraft assembly and parts manufacturing facility.

Marketing

NSEL has started market assessments in several large international markets where there appears to be volume sales potential for the single engine airplane. They have also begun to explore potential marketing partnerships with other aviation companies. Projections made by NSEL show a potential growth in demand for suitable single engine aircraft, subject to economic factors. Preliminary plans have been started on methods to achieve market presence, including direct sales, magazine ads, web site, and participation in trade shows.

Technology Protection

The Company currently owns no proprietary technology requiring protection with respect to its activities. It intends to acquire proprietary technology and, if successful, intends to put appropriate protection measures in place.

Need for Government Approvals

If the Company is successful in acquiring the rights to the aforementioned single engine airplane, there will be required government approvals applicable to our expected future activities.

The approvals would likely be for an in country Type Certificate and other certificates, as required, in other countries where the airplane would be marketed.

Effect of Existing or Probable Government Regulations

If successful with the acquisition of the rights to the single engine airplane, the Company intends to abide by the applicable regulations in each country where it intends to carry out marketing and sales. The costs of meeting the regulatory requirements can be high and the Company will do its best efforts to procure the funds required.

Costs and Effects of Compliance with Environmental Laws

The Company incurred no costs or adverse effects in its compliance with any environmental laws.

PRODUCTION

The Company has experience in carrying out work requiring multiple subcontractors to perform specialized tasks. The ability to integrate the work of multiple components to create a complete system will be NSEL's main area of business - system integration.

EMPLOYEES

As of December 31, 2016 the Company has a team of highly experienced consultants who provide administration, marketing and engineering services under contract.

PUBLIC INFORMATION

The Company electronically files with the Securities and Exchange Commission (SEC) all its reports, including but not limited to its annual and quarterly reports. The SEC maintains an internet site (<http://www.sec.gov>) that contains reports and other information regarding issuers that do file electronically. The Company maintains a web site address at www.northstarelectronics.com

Item 2. Description of Properties

The Company maintains an office at:

3959 W 36th Avenue, Vancouver BC Canada V6N 2S7

Item 3. Legal Proceedings

There are no known undisclosed legal filings registered or contemplated against the Company.

The Company is liable to repay CAD\$3,079,475 in assistance received from the Atlantic Canada Opportunity Agency (ACOA) by the Company's two subsidiaries, Northstar Technical Inc. (NTI) and Northstar Network Ltd.(NNL). The Company, for reasons of expediency, became a cosigner of the agreements the subsidiaries had with ACOA. Subsequently, ACOA claimed that NTI and NNL were delinquent in their payments and, eventually, in early 2013 ACOA launched legal action in Newfoundland where the two subsidiaries had operated. The Company was not in a financial position at the time to launch a defense and ACOA received a judgment unopposed. The Company intends to approach ACOA .with an offer of settlement within the next several months.

Item 4. Submission of Matters to a Vote of Security Holders

There have been no changes since the previous filing. The Company has filed with the SEC an SB-1 registration statement April 2000, an S-8 registration November 2000 and quarterly reports (form 10QSB) for June and September 2000 and for March, June and September 2001, 2002, 2003, 2004, 2005, 2006 and 2007, form 10Q's for March, June and September 2008, 2009, 2010, 2011, 2012 - 2014 and 2015 and annual reports (form 10KSB) for December 31, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007 and form 10K for 2008, 2009, 2010, 2011 and the years 2012 thru 2014 and for 2015.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

No change since previous filing.

Item 6. Management's Discussion and Analysis or Plan of Operation

Certain statements in this report and elsewhere (such as in other filings by the Company with the Securities and Exchange Commission ("SEC"), press releases, presentations by the Company of its management and oral statements) may constitute "forward-looking statements". Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and "should," and variations of these words and similar expressions, are intended to identify these forward-looking statements. Actual results may materially differ from any forward-looking statements. Factors that might cause or contribute to such differences include, among others, competitive pressures and constantly changing technology and market acceptance of the Company's products and services. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion, comparison and analysis should be read in conjunction with the Company's accompanying audited consolidated financial statements for the years ended December 31, 2016 and 2015 and the notes related thereto. The discussion of results, causes and trends should not be construed to infer conclusions that such results, causes or trends necessarily will continue in the future.

DISCUSSION

The following table sets forth for the years indicated items included in the Company's consolidated statement of operations:

	<u>2016</u>	<u>2015</u>
Total revenue	\$ -	\$ -
Cost of goods sold	-	-
Gross margin	-	-
Expenses	535,288	(332,517)
Net income (loss)	\$ (535,288)	\$ 332,517
Net income (loss) per share	\$ (0.01)	\$ (0.00)

During the years ended December 31, 2016 and 2015, the Company attempted to adequately recover from the loss of its contracts and to improve its internal systems and continued working toward attaining suitable new contracts.

A shortage of working capital in support of operations has been an issue as the Company took measures to provide that support. Sufficient capital was not raised and consequent business operations were kept at a minimum.

New financing opportunities were pursued during the 2016 and 2015 fiscal years. In 2014 and 2013, the Company generated nominal gross revenues of \$10,526 and \$7,410, respectively, from consulting work. The Company experienced operating losses of \$ 535,288 for 2016, and a gain of \$332,517 for 2015 while maintaining an office and continuing its search for its next opportunity.

Discontinued NETMIND operations: the Company was unable to finance its operations and could not attract personnel to manufacture and market the NETMIND product.

Defense Sonar Development Contract Opportunity

Discontinued

Contract Manufacturing and System Integration

Although the Company remains open to carrying out work in contract manufacturing and system integration, we are not actively pursuing contracts at this time in those areas.

Results of Operations

Revenues decreased significantly in the years 2016 and 2015 resulting in negligible cash flow. The Company generated \$0 in contract and \$0 sales revenues during this period.

During 2016 the Company incurred costs of \$180,000 on market assessments, type certificate matters, supply chain management planning, quality control, first assembly plans, follow-on production plans, and maintenance, repair and overall planning related to the acquisition of the worldwide rights to the single engine industrial Turbo Prop airplane.

Liquidity and Capital Resources

The Company used cash in operations of \$(65,189) in 2016 compared to cash used by operations of \$(51,178) in 2015 and \$(3,198) in 2014. In 2016 the Company raised equity financing of \$ 37,500. In 2015 the Company raised equity financing of \$55,000 (2014: \$0 and 2013: \$0).

The Company's working capital and capital requirements will depend on many factors, including the ability of the Company to obtain aircraft sales in order to generate sufficient funds to cover the current level of operating expenses. During the most recent fiscal year (2016) the Company increased its current debt by \$483,042 (2015 decreased by \$381,053).

The Company is attempting to negotiate a secure equity financing in the short term.

With respect to the trade payables, the Company's suppliers have been reasonably cooperative with the Company to date.

The Company will maintain its focus on reducing the outstanding amounts payable with settlements and debt financing. The Company expects its suppliers will continue to be supportive in the future, and the Company will continue with its communications regarding future prospects.

The Company is liable to repay CAD\$3,079,475 in assistance received from the Atlantic Canada Opportunity Agency (ACOA) by the Company's two subsidiaries, Northstar Technical Inc. (NTI) and Northstar Network Ltd.(NNL). The Company, for reasons of expediency, became a cosigner of the agreements the subsidiaries had with ACOA. Subsequently, ACOA claimed that NTI and NNL were delinquent in their payments and, eventually, in early 2013 ACOA launched legal action in Newfoundland where the two subsidiaries had operated. The Company was not in a financial position at the time to launch a defense and ACOA received a judgment unopposed. The Company intends to approach ACOA .with an offer of settlement within the next several months.

The availability of sufficient future funds will depend to an extent on the timing of the expected acquisition of the rights to the single engine Turbo Prop airplane.. Accordingly, the Company will be required to issue securities to finance start-up and working capital requirements for the expected new aviation business and ongoing general business expansion. There can be no assurance whether or not such future financings will be available or on satisfactory terms.

Item 7. Financial Statements

NORTHSTAR ELECTRONICS, INC.

Index to Consolidated Financial Statements December 31, 2016 and 2015 (U.S. Dollars)

[Report of Independent Registered Public Accounting Firm](#)

[Consolidated Balance Sheets](#)

[Consolidated Statements of Operations](#)

[Consolidated Statements of Changes in Stockholders' Equity \(Deficit\)](#)

[Consolidated Statements of Cash Flows](#)

[Notes to Consolidated Financial Statements](#)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Northstar Electronics, Inc.

We have audited the accompanying consolidated balance sheet of Northstar Electronics, Inc. ("the Company") as at December 31, 2016, the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' deficit and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Company as at December 31, 2015 and the year then ended, before adjustments, were audited by other auditors whose report dated May 20, 2016, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

We also audited the adjustments described in Note 12 that were applied to restate the 2015 financial statements to correct errors. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements taken as a whole.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, to date, the Company has reported losses since inception from operations and requires additional funds to meet its obligations and fund the costs of its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ DMC

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 18, 2017

NORTHSTAR ELECTRONICS, INC.
Consolidated Balance Sheets
December 31

(US Dollars)	2016	2015 (R No
Assets		
Current		
Cash	\$ 6,078	\$
Prepaid expenses	7,292	
Total Current Assets	13,370	
Total assets	\$ 13,370	\$
Liabilities		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 806,445	\$
Loans payable (note 5)	434,291	
Due to directors (note 6)	314,550	
Legal liability (notes 7 and 12)	2,706,869	
Total Current Liabilities	4,262,155	
Total Liabilities		
Stockholders' Deficit		
Common Stock (note 10)		
Authorized:		
100,000,000 Common shares with a par value of \$0.0001 each		
20,000,000 Preferred shares with a par value of \$0.0001 each		
Issued and outstanding:		
86,887,609 Common shares (79,396,847 - 2015	8,639	
597,716 Preferred shares (617,590 - 2015)	436,209	
Additional Paid-in Capital	8,194,737	
Accumulated Deficit	(12,888,370)	
Total Stockholders' Deficit	(4,248,785)	
Total Liabilities and Stockholders' Deficit	\$ 13,370	\$

See notes to consolidated financial statements

Nature of operations and going concern (note 1)

NORTHSTAR ELECTRONICS, INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)
Years Ended December 31
(US Dollars)

	2016	2015 (Restated)
Expenses		
Research and development	\$ 120,000	\$
Travel, marketing and business development	60,000	
Management fees (note 6)	85,000	
Administration	42,500	
Consulting	-	
Rent and storage	6,223	
Professional fees	25,530	
Investor relations	5,390	
Office and miscellaneous	6,568	
Filing and transfer agent fees	12,239	
Foreign exchange (gain) loss	68,564	
Net Income (loss) before other items	(432,012)	
Other items		
Interest expense (Notes 7 and 10)	(103,274)	
Gain on settlement of account payable	-	
Net and comprehensive gain (loss)	\$ (535,288)	\$
Earnings (Loss) Per Share (Basic)	\$ (0.01)	\$
Earnings Per Share (Dilutive)	\$ -	\$
Weighted Average Number of Common Shares Outstanding (Basic and Diluted)	82,593,602	

See notes to consolidated financial statements

NORTHSTAR ELECTRONICS, INC.
Consolidated Statements of Changes in Stockholders' Deficit
Years Ended December 31
(US Dollars)

	Number of Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Preferred Shares	Tot Stockho Defi
Balance, December 31, 2014 (Restated - note 12)	70,771,847 \$	7,078 \$	8,051,434 \$	(12,657,599) \$	456,209 \$	(4,
Issuance on conversion of preferred C shares (note 10)	8,625,000	862	54,138	-	-	
Net income	-	-	-	332,517	-	
Balance, December 31, 2015 (Restated - note 12)	79,396,847	7,940	8,105,572	(12,325,082)	456,209	(3,
Issuance for cash (note 10)	4,161,494	416	37,084	-	-	
Issuance on conversion of preferred C shares (note 10)	1,747,435	125	19,875	-	(20,000)	
Issuance for interest (note 10)	181,833	18	4,346	-	-	
Issuance for goodwill (note 10)	1,400,000	140	27,860	(28,000)	-	
Net loss	-	-	-	(535,288)	-	(
Balance, December 31, 2016	86,887,609 \$	8,639 \$	8,194,737 \$	(12,888,370) \$	436,209 \$	(4,

See notes to consolidated financial statements

NORTHSTAR ELECTRONICS, INC.
Consolidated Statements of Cash Flows
Years Ended December 31
(US Dollars)

	2016		
Operating Activities			
Net income (loss)	\$	(535,288)	
Items not involving cash:			
Gain on settlement of account payable		-	
Issuance of shares for interest		4,364	
Foreign exchange loss (gain)		68,672	
Changes in Non-Cash Working Capital:			
Prepaid expenses		(7,292)	
Accounts payable and accrued liabilities		229,829	
Due to directors		75,614	
Interest accrual		98,910	
Cash Used in Operating Activities		(65,189)	
Financing Activities			
Issuance of share capital for cash		37,500	
Loan advances		10,015	
Cash Provided by Financing Activities		47,515	
Increase (Decrease) in Cash		(17,674)	
Cash, Beginning		23,752	
Cash, Ending	\$	6,078	
Supplemental Information			
Income taxes paid	\$	-	
Interest paid	\$	-	
Non-cash transactions			
Common shares issued for interest	\$	4,364	\$
Common shares issued for goodwill	\$	28,000	\$

See notes to consolidated financial statements

NORTHSTAR ELECTRONICS, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2016 and 2015
(US Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Northstar Electronics Inc (the "Company") was incorporated on May 11, 1998 in the state of Delaware. The Company is doing research and development on single engine aircrafts for business use.

The Company's business activities are conducted in Canada. However, the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") with all figures translated into United States dollars for financial reporting purposes.

The accompanying financial statements have been prepared on a going concern basis, which assumes the Company will be able to continue as a going-concern and contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the year ended December 31, 2016 the Company incurred a net loss of \$535,288 (2015: net income of \$332,517) and had a working capital deficiency of \$4,248,785 (2015: \$3,755,361). Continuation as a going concern is dependent upon the ability of the company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due and ultimately upon its ability to achieve profitable operations. The outcome of these matters cannot be predicted with any certainty at this time and raise substantial doubt that the Company will be able to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Management intends to obtain additional funding by issuing debt and equity financing.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Cash and Cash Equivalents

Cash and cash equivalents consist of commercial accounts, trust accounts and interest-bearing bank deposit. Items are considered to be cash equivalents if the original maturity is three months or less.

b. Research and development

Research and development costs are expensed to operations as incurred.

c. Foreign currency translation

The functional currencies of the Company and its subsidiary were determined as the US dollar, which is the currency of their primary economic environment. Amounts incurred in Canadian dollars are translated into the functional currency as follows:

(i)

Monetary assets and liabilities at the rate of exchange in effect as at the balance sheet date;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii)

Non-monetary assets and liabilities at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and

(iii)

Revenues and expenditures at rates approximating the average rate of exchange for the year.

d. Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

e. Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

f. Basic and diluted net loss per share

The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excluded all dilutive potential shares if their effect is anti-dilutive.

g. Segments of an enterprise and related information

ASC 280, "Segment Reporting" establishes guidance for the way that public companies report information about operating segments in annual consolidated financial statements and requires reporting of selected information about operating segments in interim consolidated financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. ASC 280 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Fair value measurements

Effective January 1, 2008 the Company adopted ASC 820, Fair Value Measurements. ASC 820 provides a definition of fair value, establishes a hierarchy for measuring fair value under generally accepted accounting principles and requires certain disclosures about fair values used in the financial statements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

i. Comparative figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

j. Recently adopted accounting pronouncements

Recent accounting pronouncements issued by the Financial Accounting Standards Board or other authoritative standards groups with future effective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

3. FINANCIAL INSTRUMENTS

Fair values

The carrying values of accounts payable and loans payable approximate their fair values because of the short maturity of these financial instruments.

Interest rate risk

The Company is not exposed to significant interest rate risk due to the fixed rates of interest on its monetary assets and liabilities.

Credit risk

The Company is exposed to credit risk with respect to its cash. The Company deposits cash with a high credit quality financial institution as determined by rating agencies.

3. FINANCIAL INSTRUMENTS (continued)

Currency risk

The Company is subject to currency risk as certain of the assets and liabilities are denominated in Canadian dollars. The exchange rate conversion to US dollars may vary from time to time.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon related parties and share issuance as its sources of cash. The Company has received financing from related parties and share issuance in the past; however, there is no assurance that it will be able to do so in the future.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accounts payable	\$ 483,945	\$
Accrued liabilities	322,500	
	\$ 806,445	\$

5. LOANS PAYABLE

	2016	2015
Demand loans	\$ 417,364	\$
Interest payable	16,927	
	\$ 434,291	\$

The demand loans are non-interest bearing, unsecured with no fixed terms of repayment.

6. RELATED PARTY TRANSACTIONS

- a. The amount of \$314,550 (December 31, 2015: \$238,936) due to a director of the Company has no specific terms of repayment, is non-interest bearing and unsecured.
- b. The Company accrued management fees payable of \$85,000 in total to a director of the Company for his services as an officer of the Company during the year ended December 31, 2016 (2015: \$50,000).

7. LEGAL LIABILITY

During 2000 to 2008, the Company's former subsidiaries Northstar Technical Inc. ("NTI") and Northstar Network Ltd. ("NNL") received funding from Atlantic Canada Opportunities Agency ("ACOA") to fund their projects. In 2013, ACOA filed claims against NTI, NNL and the Company for repayments of advances due to events of default. The advances and interests ACOA claimed totaled CAD 3,079,475 (\$2,293,593). In accordance with the agreements signed between NTI, NNL and the Company, the Company was jointly and severally liable for the obligations. Further, the claim amount bears a daily interest of \$358 from February 15, 2013 to settlement. As the Company discontinued NTI and NNL in the fiscal year of 2011, the opening balance of 2015 fiscal year was restated to reflect this legal liability of \$2,874,480 (note 12).

7. LEGAL LIABILITY (continued)

During the year ended December 31, 2016, the Company accrued interest in the amount of \$98,910 (2015: \$102,180).

	2016	2015
Legal liability	\$ 2,293,592	\$
Interest payable	413,277	
	\$ 2,706,869	\$

8. STOCK OPTIONS AND WARRANTS

Stock option activity for the years ended December 31, 2016 and 2015 are as follows:

	Number of Shares	Exercise Price per Share	Weighted Average Exercise Price
Balance December 31, 2014	50,000	\$0.50	\$0.
Cancelled/Expired	(50,000)	--	-
Balance December 31, 2015 and 2016	--	--	-

Warrants

	Number of Shares	Exercise Price per Share	Weighted Average Exercise Price
Balance December 31, 2015 and 2016	829,940	\$0.15 - \$0.75	\$0.

As at December 31, 2016 the outstanding warrants are as follows:

Expiry Date	Exercise Price	Number of Warr
		2016
Open (1)	\$ 0.50	389,170
Open (1)	\$ 0.75	389,170
Open (2)	\$ 0.25	51,600
Total outstanding and exercisable		829,940
Weighted average outstanding life of options (years)		Open

(1)

These warrants were issued in 2005. The expiry date of the warrants are six months after the closing bid price for the common stock of the Company has been over \$0.65 and \$1.00 per share respectively for five consecutive trading days.

(2)

These warrants were issued in 2008 and they do not have an expiry date.

9. INCOME TAXES

Income taxes vary from the amount that would be computed by applying the estimated combined statutory income tax rate (34%) for the following reasons:

	2016
Income (Loss) before income taxes	\$ (535,288)
Income tax rate	34%
Expected income tax expense (recovery)	(181,998)
Increase (decrease) due to:	
Change in valuation allowance	181,998
Provision for income taxes	\$ --

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

	2016
Deferred tax asset attributable to:	
Non-capital loss	\$ 2,782,180
Less: change in valuation allowance	(2,782,180)
	\$ --

The Company's carried losses for income tax purposes are \$8,182,881 which may be carried forward to apply against future income tax, expiring between 2026 and 2036. The future tax benefit of these loss carry-forwards has been offset with a full valuation allowance. These losses expire as follows:

2026	\$ 681,591
2027	718,441
2028	1,791,899
2029	1,039,431
2030	1,272,447
2031	1,807,955
2032	335,829
2033	--
2034	--
2035	--
2036	535,288
	\$ 8,182,881

9. INCOME TAXES (continued)

The Company has adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" - an interpretation of SFAS 109. (FIN 48), as codified in ASC 740. ASC 740 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position would be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

The Company did not file its U.S. federal income tax returns, including, without limitation, information returns on Internal Revenue Service ("IRS") Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations for the years ended December 31, 2007 through 2016. Failure to furnish any information with respect to any foreign business entity required, within the time prescribed by the IRS, subjects the Company to certain civil penalties.

The Company did not file the information reports for the years ended December 31, 2007 through 2011 concerning its interest in foreign bank accounts on TDF 90-22.1, "Report of Foreign Bank and Financial Accounts" ("FBARs"). For not complying with the FBAR reporting and recordkeeping requirements, the Company is potentially subject to civil penalties up to \$10,000 for each of its foreign bank accounts.

In addition, because the Company did not generate any income in the United States or otherwise have any U.S. taxable income, the Company does not believe that it owes U.S. federal income taxes in respect to any transactions that the Company or any of its subsidiaries may have engaged in through December 31, 2016. However, there can be no assurance that the IRS will agree with the position, and therefore the Company ultimately could be held liable for U.S. federal income taxes, interest and penalties.

10. COMMON STOCK

During the year ended December 31, 2015, the Company issued 64,500 preferred Class C shares for \$55,000 which were converted into 9,122,868 common shares. Of the 9,122,868 common shares, 8,625,000 were issued during 2015 and the remaining 497,868 were issued during 2016. The full value of \$55,000 was recorded in 2015 fiscal year.

During the year ended December 31, 2016, the Company issued 4,164,494 common shares for \$37,500.

10. COMMON STOCK (continued)

During the year ended December 31, 2016, the Company issued 1,400,000 common shares with a fair value of \$28,000 to a shareholder for goodwill. The shareholder has been actively supporting the Company by subscribing to its preferred and common shares. As this was a benefit to a specific shareholder, the fair value of this issuance was recorded to accumulated deficit.

During the year ended December 31, 2016, a preferred Class C shareholder converted 19,875 shares with value of \$20,000 to 1,249,567 common shares. The Company issued 181,833 common shares with a fair value of \$4,346 for the interest accrued on the 19,875 preferred Class C shares.

Preferred Shares

Issued for cash:

All classes of the preferred shares bear interest at 10% per annum paid semiannually not in advance and are convertible to shares of common stock of the Company after two years from receipt of funds at a 20% discount to the then current market price of the Company's common stock. The preferred shares may be converted after six months and before two years under similar terms but with a 15% discount to market. At December 31, 2016, the outstanding number of preferred Classes A, B and C shares are 582,716 (December 31, 2015: 582,716), 15,000 (December 31, 2015: 15,000) and nil (December 31, 2015: 64,500), respectively.

11. LOSS PER SHARE

The potentially dilutive securities that were excluded from the earnings (loss) per share calculation consist of 829,940 warrants (2015: 829,940).

12. PRIOR YEAR RESTATEMENTS

During the year ended December 31, 2011, the Company discontinued NTI and NNL but failed to recognize the legal liability that arose from the ACOA claims (note 7). The Company recorded the original claim amount of \$7,500,000 as a contingent liability reserve in equity. Further, the Company recorded the loss on discontinued operation in the amount of \$4,072,358 to accumulative other comprehensive income (loss). The cumulative translation adjustment of \$28,256 related to the discontinued operations were not transferred to accumulated deficit. The impact of this error was that the current liability was understated by \$2,874,481 and stockholders' deficit was understated by \$2,874,481 as at December 31, 2011, and net loss was understated by \$2,539,287 as at December 31, 2015.

During the year end December 31, 2015, the Company recorded a gain on settlement of accounts payable in the amount of \$105,779 to accumulative comprehensive income. The impact of this error was that the accumulative comprehensive income was overstated by \$105,779 and the net income was understated by \$105,779.

12. PRIOR YEAR RESTATEMENTS (continued)

Summarized below is the effects of these restatements on the consolidated statement of financial position as at January 1, 2015:

	Previously Stated	Restated
Liabilities:		
Legal liability and accrued interest	\$ --	\$ 2,874,481
Stockholders' deficit:		
Accumulative other comprehensive income	3,455,898	--
Accumulated deficit	\$ (13,239,016)	\$ (12,657,599)

Summarized below is the effects of these restatements on the consolidated statement of financial position as at December 31, 2015:

	Previously Stated	Restated
Liabilities:		
Legal liability and accrued interest	\$ --	\$ 2,539,287
Stockholders' deficit:		
Accumulative other comprehensive income	3,561,677	--
Accumulated deficit	\$ (13,347,472)	\$ (12,325,082)

Summarized below is the effects of these restatements on the consolidated statement of operations and comprehensive loss as at December 31, 2015:

	Previously Stated	Restated
Expenses:		
Foreign exchange gain	\$ 2,864	\$ 440,238
Other items:		
Interest expense	--	102,180
Gain on settlement of accounts payable	--	105,779
Net income (loss)	(108,456)	332,517
Earnings (loss) per share (basic and dilutive)	\$ (0.00)	\$ 0.00

The prior year restatement did not have an impact on the statement of cash flow for the year end December 31, 2015.

13. SUBSEQUENT EVENT

Subsequent to December 31, 2016, the Company issued 2,500,000 common shares for \$25,000.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no reportable disagreements on accounting or financial disclosure issues.

Item 8A. Controls and Procedures

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

Framework used by Management to Evaluate the Effectiveness of Internal Controls over Financial Reporting

I maintain internal controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC. This information is accumulated and communicated to our executive officers to allow timely decisions regarding required disclosure within certain policies and procedures. These policies and procedures include:

- maintenance of records in reasonable detail to accurately and fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

For the year ended December 31, 2016 management has relied on the Committee of Sponsoring Organizations of the Treadway Commission (COSO), an Internal Control - Integrated Framework issued in 1992, to evaluate the effectiveness of our internal control over financial reporting.

Management's Assessment of the Effectiveness of Internal Controls over Financial Reporting as of December 31, 2016

Management conducted an evaluation of the effectiveness of our internal control over financial reporting and determined that our internal control over financial reporting was effective as of December 31, 2016.

Attestation Report of the Registered Accounting Firm

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

Factors Considered in Determining Effectiveness of Internal Controls and Procedures

Our President/Chief Executive Officer/Chief Financial Officer, has evaluated the effectiveness of our internal controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of December 31, 2016.

Our internal controls over financial reporting are designed by, or under the supervision of, our President/Chief Executive Officer/Chief Financial Officer, or persons performing similar functions, and effected by our board of directors, management and other personnel, and provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, that our receipts, expenditures and business transactions are being made in accordance with authorizations of our management and directors and that all of our reporting obligations are met.

Management's Assessment of the Effectiveness of Disclosure Controls over Financial Reporting as of December 31, 2016

Management conducted an evaluation of the effectiveness of our disclosure control over financial reporting and determined that our disclosure control over financial reporting was not effective as of December 31, 2016. Procedures and controls regarding complying with disclosure reporting requirements was not adequate in that the affirmation regarding disclosure controls and procedures did not meet the technical SEC and Sarbanes Oxley requirements. In the future, management will review the form of the 10-K to ensure that the affirmations meet the disclosure affirmation requirements and the internal control affirmation requirements. Measures have been taken to ensure this weakness in disclosure controls is remedied, principally by input from the Company's legal securities counsel with respect to the disclosure obligations of the Company and from adequate allocation of resources.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons;

Compliance with Section 16(a) of the Exchange Act

<u>Name of Director</u>	<u>Age</u>	<u>Office</u>
Wilson Russell, PhD	71	President and Principal Financial Officer

Item 10. Executive compensation

During the year 2016 the Company paid or accrued as payable \$85,000 (2015 \$50,000; 2014 \$50,000) to Wilson Russell, the Company's President, for his services.

Item 11. Security Ownership of Certain Beneficial Owners and Management

<u>Class</u>	<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percentage of Shares*</u>
Common	Wilson Russell 3959 36th Ave. W Vancouver, B.C. Canada V6N 2S7	9,014,721	11.35%
Common	All officers and directors as a group:	9,014,721	11.35%

*Based on 86,887,609 shares of common stock issued and outstanding December 31, 2016

Item 12. Certain Relationships and Related Transactions

None

Item 13. Exhibits and Reports on Form 8-K

No change in exhibits since previous filing.

No Form 8K was filed during the fourth quarter of 2016.

Item 14. Principal Accountants Fees and Services

During the year 2016 the Company's auditors received approximately \$16,500 in remuneration for audit and related services. No other services were provided to the Company by its auditors and principal accountants

During the year 2015 the Company's auditors received approximately \$6,250 in remuneration for audit and related services. No other services were provided to the Company by its auditors and principal accountants.

During the years 2012, 2013 and 2014 the Company's auditors received approximately \$15,000 in remuneration for audit and related services. No other services were provided to the Company by its auditors and principal accountants.

During 2011, the Company's auditors and principal accountants received approximately \$98,113 in remuneration for audit and related (quarterly review) services. No other services were provided to the Company by its auditors and principal accountants.

During 2010, the Company's auditors and principal accountants received approximately \$100,000 in remuneration for audit and related (quarterly review) services. No other services were provided to the Company by its auditors and principal accountants.

During 2009, the Company's auditors and principal accountants received approximately \$96,382 in remuneration for audit and related (quarterly review) services. No other services were provided to the Company by its auditors and principal accountants.

During 2008, the Company's auditors received approximately \$44,900 in remuneration for audit and related (quarterly review) services. No other services were provided to the Company by its auditors and principal accountants.

During 2007, the Company's auditors received approximately \$52,300 in remuneration for audit and related (quarterly review) services. No other services were provided to the Company by its auditors and principal accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Northstar Electronics, Inc.

(Registrant)

By (Signature and Title):

Date April 18, 2016

/s/ WILSON RUSSELL

Wilson Russell, PhD,
Chief Executive Officer and
Chief Financial Officer