

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934.**

For the quarterly period ended: March 31, 2016

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

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

333-90031  
Commission file number

**Northstar Electronics, Inc.**

Exact name of small business issuer as specified in its charter

Delaware  
State or other jurisdiction  
of organization

33-0803434  
IRS Employee incorporation  
or Identification No.

2020 General Booth Blvd, Unit 230,  
Virginia Beach, VA, USA 23451  
Address of principal executive offices

(604) 685-0364  
Issuer's telephone number

Not Applicable  
Former name, former address and former fiscal year, if changed since last report

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 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. Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes  No  Not Applicable

Applicable only to corporate issuers:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Common shares as of April 19, 2016: 79,396,847

Transitional Small Business Disclosure Format (check one): Yes  No

## Table of Contents

<u>PART I - FINANCIAL INFORMATION</u>	4
<u>Item 1. Financial Statements</u>	4
<u>Consolidated Balance Sheets</u>	4
<u>Consolidated Statements of Operations</u>	5
<u>Consolidated Statement of Changes in Stockholders' Equity</u>	6
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis or Plan of Operation.</u>	10
<u>Item 3. Controls and Procedures</u>	12
<u>PART II - OTHER INFORMATION</u>	12
<u>Item 1. Legal Proceedings.</u>	12
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	12
<u>Item 3. Defaults Upon Senior Securities.</u>	12
<u>Item 4. Submission of Matters to a Vote of Security Holders.</u>	12
<u>Item 5. Other Information.</u>	12
<u>Item 6. Exhibits</u>	12
<u>SIGNATURES</u>	13



## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

#### NORTHSTAR ELECTRONICS, INC. Consolidated Balance Sheets (US Dollars)

	March 31, 2016	December 31, 2015
	unaudited	audited
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,822	\$ 0
Prepaid expenses	0	4,822
	4,822	4,822
<b>Total assets</b>	<b>\$ 4,822</b>	<b>\$ 4,822</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 322,069	\$ 315,000
Loans payable	424,276	424,276
Due to Directors	507,146	499,000
	1,253,491	1,239,000
<b>Long-term debt</b>	<b>0</b>	<b>0</b>
	1,253,491	1,239,000
<b>Stockholders' Deficit</b>		
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:		
79,396,847 Common shares (79,396,847- December 31, 2015)	7,940	7,940
535,496 Preferred series A shares (535,496 - December 31, 2015)	456,209	456,209
<b>Additional paid-in capital</b>	<b>8,105,572</b>	<b>8,105,572</b>
<b>Accumulated other comprehensive income (loss)</b>	<b>134,035</b>	<b>134,035</b>
<b>Loss on discontinued operations</b>	<b>(4,072,359)</b>	<b>(4,072,359)</b>
<b>Contingency reserve</b>	<b>7,500,000</b>	<b>7,500,000</b>
<b>Accumulated deficit</b>	<b>(12,780,130)</b>	<b>(12,780,130)</b>
<b>Deficit accumulated in the development stage</b>	<b>(599,936)</b>	<b>(567,359)</b>
	(1,248,669)	(1,248,669)
	\$ 4,822	\$ 4,822

See notes to the consolidated financial statements

Nature of operations and going concern (note 1) Contingent liabilities (note 3)

**NORTHSTAR ELECTRONICS, INC.**  
**Consolidated Statements of Operations**  
**Three Months Ended March 31, 2016 and 2015**  
**Unaudited**  
**U.S.Dollars**

	2016	2015
<b>Revenue</b>	\$ 0	\$ 0
<b>Cost of goods sold</b>	0	0
<b>Gross margin</b>	0	0
<b>Expenses</b>		
Administration	6,250	0
Financial consulting	0	0
Finance fees	0	0
Professional fees	0	0
Management	12,500	0
Stock based compensation	0	0
Rent	0	0
Investor relations	0	0
Office	11,845	0
Travel and business development	0	0
	32,595	0
<b>Net loss from operations before other items</b>	(32,595)	0
<b>Other Items:</b>		
Loss from discontinued operations	0	0
<b>Net loss for the period</b>	\$ (32,595)	\$ 0
<b>Net (loss) per share</b>	\$ (0.00)	\$ 0.00
<b>Weighted average number of shares outstanding</b>	79,396,847	79,396,847

See notes to the consolidated financial statements

**NORTHSTAR ELECTRONICS, INC.**  
**Consolidated Statement of Changes in Stockholders' Equity**  
**Three Months Ended March 31, 2016**  
**Unaudited**  
**U.S. Dollars**

	Number of Shares	Par Value	Additional Paid-In Capital	Other Compre-hensive Income (Loss)	Accumulated Deficit	Preferred Shares	Total Stockholders' Deficit
Balance December 31, 2015	79,396,847	\$ 7,940	\$ 8,105,572	\$ 3,561,676	\$ (13,347,471)	456,209	\$ (1,216,074)
Issuance of common stock	0	0	0	0	0	0	0
Net loss for three months	0	0	0	0	(32,595)	0	(32,595)
Balance March 31, 2016	79,396,847	\$ 7,940	\$ 8,105,572	\$ 3,561,676	\$ (13,380,066)	456,209	\$ (1,248,669)

See notes to the consolidated financial statements

**NORTHSTAR ELECTRONICS, INC.**  
**Consolidated Statements of Cash Flows**  
**Three Months Ended March 31, 2016 and 2015**  
**Unaudited**  
**U.S.Dollars**

	<b>2016</b>	
<b>Operating Activities</b>		
Net income (loss)	\$ (32,595)	\$
Adjustments to reconcile net income (loss) to net cash used by operating activities		
Non cash items:		
Amortization	0	
Equity based compensation	12,500	
Changes in operating assets and liabilities	6,253	
<b>Net cash (used) provided by operating activities</b>	<b>(13,842)</b>	
<b>Investing Activities</b>		
Property and equipment	0	
<b>Net cash (used) provided by investing activities</b>	<b>0</b>	
<b>Financing Activities</b>		
Issuance of common shares for cash (net of costs)	0	
Loans payable	0	
Increase (repayment) of long term debt	0	
Advances from (repayment to) directors	(5,088)	
<b>Net cash (used) provided by financing activities</b>	<b>(5,088)</b>	
Effect of foreign exchange on translation	0	
Inflow (outflow) of cash	(18,930)	
Cash, beginning of period	23,752	
Cash, end of period	\$ 4,822	\$
<b>Supplemental information</b>		
Interest paid	\$ 0	\$
Shares issued for services	\$ 0	\$
Shares issued to settle director's loan	\$ 0	\$
Corporate income taxes paid	\$ 0	\$

See notes to the consolidated financial statements





**NORTHSTAR ELECTRONICS, INC.**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended March 31, 2016**  
**Unaudited**  
**U.S. Dollars**

**1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

Northstar Electronics Inc (the "Company") was incorporated on May 11, 1998 in the state of Delaware. These financial statements are consolidated with the Company's wholly owned subsidiary, National Five Holding Ltd. Any intercompany transactions have been eliminated on consolidation. The accounts of Northstar Technical Inc. ("NTI") and Northstar Network Ltd. ("NNL"), formerly wholly owned subsidiaries of the Company, have been written off in prior years as the operations of these subsidiaries have been discontinued.

The Company's business activities are conducted principally in Canada but these financial statements are prepared in accordance with accounting principles generally accepted in the United States with all figures translated into United States dollars for reporting purposes.

These unaudited consolidated interim financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States for interim financial information, are condensed and do not include all disclosures required for annual financial statements. The organization and business of the Company, accounting policies followed by the Company and other information are contained in the notes to the Company's audited consolidated financial statements filed as part of the Company's December 31, 2015 Form 10-K and amendments.

In the opinion of the Company's management, this consolidated interim financial information reflects all adjustments necessary to present fairly the Company's consolidated financial position at March 31, 2016 and the consolidated results of operations and the consolidated cash flows for the three months then ended. The Company is in the process of regenerating its operations.

The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for the entire fiscal year. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. During the three months to March 31, 2016 the Company incurred a net loss of \$32,595 and at March 31, 2016 had a working capital deficiency (an excess of current liabilities over current assets) of \$1,248,669 (December 31, 2015: \$1,216,074. The Company is contingently liable for approximately \$7,500,000 to repay assistance received under the Atlantic Innovation Fund (see also note 3).

Management has undertaken initiatives for the Company to continue as a going concern; for example: the Company is attempting to secure an equity financing in the short term. Management is unable to predict the results of its initiatives at this time.

Should management be unsuccessful in its initiative to finance its operations the Company's ability to continue as a going concern is not certain. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

## **2. SHARE CAPITAL**

### **COMMON STOCK**

No common shares were issued during the three months ended March 31, 2016.

### **PREFERRED STOCK**

#### Issued for cash:

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. During the period from 2008 thru March 31, 2016 the Company had received an accumulated total of \$456,209 for 535,496 preferred shares.

## **3. CONTINGENCIES**

The Company is contingently liable to repay \$2,294,755 in assistance received under the Atlantic Innovation Fund, repayable annually at the rate of 5% of gross revenues from sales of products resulting from the Company's research and development project. The Company became in default of this conditional loan, was unable to represent itself in Newfoundland court and ACOA was awarded a \$7,500,000 judgment against the Company. The Company generated negligible revenues from the program and is in absolute disagreement with this outcome.

## **4. NEW ACCOUNTING PRONOUNCEMENTS**

Management does not believe that any recently issued but not yet effective accounting pronouncements if currently adopted would have a material effect on the accompanying consolidated financial statements.

## **Item 2. Management's Discussion and Analysis or Plan of Operation.**

The following discussion should be read in conjunction with the accompanying unaudited consolidated financial information for the three month periods ended March 31, 2016 and March 31, 2015 prepared by management and the consolidated financial statements for the twelve months ended December 31, 2015 as presented in the Form 10K as filed.

### **Special Note Regarding Forward Looking Statements**

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" within the meaning of the Private Securities Litigation Reform Act of 1995. 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 Company's Services**

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 rights to a single engine airplane with industrial applications. If successful, we intend to 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). The constituent parts of NSEL has experience in working on certified commercial aircraft and government military contracts, and has access to an established aircraft parts manufacturing facility.

### **Results of Operations**

Comparison of the three months ended March 31, 2016 with the three months ended March 31, 2015.

Revenue from sales for the three month period ended March 31, 2016 are reported as \$0 compared to \$0 revenue from sales recorded during the same period of the prior year.

The net loss for the three-month period ended March 31, 2016 was \$32,595 compared to a net loss of \$31,992 for the three months ended March 31, 2015. The increase in net loss was in part due to the fact the Company incurred additional office and administration expense as we worked to reorganize the Company after the write off of its previous ventures.

### **Comparison of Financial Position at March 31, 2016 with March 31, 2015**

The Company's working capital deficiency at March 31, 2016 was \$1,248,669 with current liabilities of \$1,253,491 which are in excess of current assets of \$4,822. At December 31, 2015 the Company had a working capital deficiency of \$1,216,074. See also contingent liabilities, note 3 to the financial statements for the three months ended March 31, 2016.

### **Critical Accounting Policies and Estimates**

We have adopted various accounting policies that govern the application of accounting principles generally accepted in the United States of America in the preparation of our financial statements. Our significant accounting policies are described in the footnotes to our annual financial statements at December 31, 2015. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Although these estimates are based on our knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Certain accounting policies involve significant judgments and assumptions by us and have a material impact on our financial condition and results. Management believes its critical accounting policies reflect its most significant estimates and assumptions used in the presentation of our financial statements. Our critical accounting policies include revenue recognition, accounting for stock based compensation and the evaluation of the recoverability of long-lived and intangible assets. We do not have off-balance sheet arrangements, financings or other relationships with unconsolidated entities or other persons, also known as "special purpose entities".

### **Liquidity and Capital Resources**

Cash outflow for the first quarter ended March 31, 2016 was \$(13,842) compared to an outflow of cash of \$(13,242) in the comparative prior quarter March 31, 2015. In the quarter, the Company received \$0 (\$0 in the comparative prior quarter) from equity funding and received \$0 (received \$0 in the comparative quarter) long term debt leaving cash on hand at March 31, 2016 of \$4,822 compared to cash on hand of \$23,752 at December 31, 2015 and \$3,910 at March 31, 2015. Until the Company receives revenues from new contracts it will be dependent upon equity and loan financings to compensate for the outflow of cash anticipated from operations.

At this time, no commitment for funding has been made to the Company.

The Company's continued operations are dependent upon obtaining revenues from outside sources or raising additional funds through debt or equity financing.

### **Item 3. Controls and Procedures**

#### (a) Evaluation of disclosure controls and procedures

Based on the evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934) as of the date of this Quarterly Report on Form 10-Q, our chief executive officer and chief financial officer has concluded that our disclosure controls and procedures are designed to ensure that the information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and are operating in an effective manner. The disclosure controls were not effective at December 31, 2015 as the Company was delinquent in its filings at that time..

#### (b) Changes in internal controls

There were no changes in our internal controls or in other factors that could affect these controls subsequent to the date of their most recent evaluation.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

No change since previous filing.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None

### **Item 3. Defaults Upon Senior Securities.**

No change since previous filing.

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

At an extraordinary general meeting of shareholders held March 30, 2016 a motion was passed to increase the Company's Authorized Capital to 220,000,000 (two hundred twenty million) shares consisting of 200,000,000 (two hundred million) common shares and 20,000,000 (twenty million) preferred shares

### **Item 5. Other Information.**

No change since previous filing

### **Item 6. Exhibits**

No change since previous filing.



## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

May 23, 2016

**Northstar Electronics, Inc.**  
(Registrant)

By: /s/ Wilson Russell  
Wilson Russell, PhD, President and Chief Financial Officer