

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

**Form 10-Q**

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

For the quarterly period ended: **September 30, 2018**

[ ] 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.

**1000-355 Burrard St.**

**Vancouver, BC, Canada V6C 2G8**

Address of principal executive offices

**(778) 838-3313**

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[X]** 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 **[X] Non-accelerated filer**

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

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 November 14, 2018: 127,838,231**

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

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**PART I - FINANCIAL INFORMATION**

**Item 1. Interim Consolidated Financial Statements**

**NORTHSTAR ELECTRONICS, INC.  
Consolidated Balance Sheets  
U.S. Dollars**

	<b>September 30 2018</b>	<b>December 31 2017</b>
	unaudited	audited
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 971	\$ 16,438
	\$ 971	\$ 16,438
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,110,115	\$ 941,115
Loans payable	442,916	434,291
Due to director	507,523	424,538
Legal liability	2,984,327	3,001,471
	5,044,881	4,801,415
<b>Stockholders' Deficit</b>		
Authorized:		
200,000,000 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:		
127,838,231 Common shares (98,579,815 - December 31, 2017)	12,784	9,858
597,716 Preferred shares (597,716 - December 31, 2017)	404,299	404,299
Additional paid-in capital	8,608,925	8,333,396
Subscriptions receivable	(240,050)	(5,035)
Accumulated deficit	(13,829,868)	(13,527,495)
	(5,043,910)	(4,784,977)
	\$ 971	\$ 16,438

Nature of operations and going concern (Note 1)

See notes to the interim consolidated financial statements

**NORTHSTAR ELECTRONICS, INC.**  
**Consolidated Statements of Operations**  
**Three and Nine Months Ended September 30, 2018 and 2017**  
**Unaudited**  
**U.S. Dollars**

	Three Months		Nine Months	
	2018	2017	2018	2017
<b>EXPENSES</b>				
Management	\$ 30,000	\$ 30,000	\$ 90,000	\$ 75,000
Consulting fees	10,000	-	10,000	-
Administration	15,000	15,000	45,000	45,000
Professional fees	5,625	(3,500)	21,375	26,650
Foreign exchange (gain)	50,523	192,467	(90,850)	209,647
Engineering and development	28,000	-	88,000	15,000
Investor relations	695	(1,600)	1,945	24,725
Marketing and sales	12,000	-	36,000	-
Office and administration	4,405	8,138	25,094	20,910
Interest expense	25,100	34,895	75,809	77,615
<b>Total expenses</b>	<b>181,348</b>	<b>275,400</b>	<b>302,373</b>	<b>494,547</b>
<b>Net loss for the period</b>	<b>\$ (181,348)</b>	<b>\$ (275,400)</b>	<b>\$ (302,373)</b>	<b>\$ (494,547)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>103,292,315</b>	<b>85,319,142</b>	<b>100,167,910</b>	<b>91,756,091</b>

See notes to the interim consolidated financial statements

**NORTHSTAR ELECTRONICS, INC.**  
**Interim Consolidated Statement of Changes in Stockholders' Deficit**  
**Nine Months Ended September 30, 2018**  
**Unaudited**  
**U.S. Dollars**

	Number of Shares	Par Value	Additional Paid-In Capital	Subscriptions receivable	Accumulated Deficit	Preferred Shares	Total Stockholders' Deficit
<b>Balance December 31, 2017</b>	98,579,815	\$ 9,858	\$ 8,333,396	\$ (5,035)	\$(13,527,495)	\$ 404,299	\$ (4,784,977)
Subscription collected	-	-	-	5,035	-	-	5,035
Issuance for cash	28,258,416	2,826	265,629	(240,050)	-	-	28,405
Shares for service	1,000,000	100	9,900	-	-	-	10,000
Net loss	-	-	-	-	(302,373)	-	(302,373)
<b>Balance September 30, 2018</b>	127,838,231	\$ 12,784	\$ 8,608,925	\$ (240,050)	\$(13,829,868)	\$ 404,299	\$ (5,043,910)

See notes to the interim consolidated financial statements

**NORTHSTAR ELECTRONICS, INC.**  
**Consolidated Statements of Cash Flows**  
**Nine Months Ended September 30, 2018 and 2017**  
**Unaudited**  
**U.S. Dollars**

	2018	2017
<b>Operating Activities</b>		
Net loss	\$ (302,373)	\$ (494,547)
Items not involving cash		
Foreign exchange loss (gain)	(90,850)	208,267
Non-cash interest	75,809	77,615
Non-cash investor relations	-	24,500
Non-cash consulting	10,000	-
Changes in non-cash working capital		
Changes in operating assets and liabilities	169,000	147,190
<b>Net cash used in operating activities</b>	<b>(138,414)</b>	<b>(36,975)</b>
<b>Financing Activities</b>		
Issuance of common shares for cash (net of costs)	33,440	32,500
Loans payable	8,625	-
Increases in debt (repayment to) directors	82,985	-
<b>Net cash provided by financing activities</b>	<b>125,050</b>	<b>32,500</b>
Decrease in cash	(15,467)	(4,475)
Cash, beginning	16,438	6,078
Cash, ending	\$ 971	\$ 1,604
<b>Non-cash Transactions</b>		
Shares issued for services	\$ 10,000	\$ 19,500
Warrants issued for services	-	5,000
	\$ 10,000	\$ 24,500

See notes to the unaudited interim consolidated financial statements

**NORTHSTAR ELECTRONICS, INC.**  
**Notes to Interim Consolidated Financial Statements**  
**Nine Months Ended September 30, 2018**  
**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. 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.

These unaudited consolidated interim financial statements have been prepared by management in accordance with GAAP 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, 2017 Form 10-K.

The results of operations for the nine months ended September 30, 2018 are not necessarily indicative of the results to be expected for the entire fiscal year. The accompanying interim 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 nine months ended September 30, 2018 the Company incurred a net loss of \$302,373 and at September 30, 2018 had a working capital deficiency of \$5,043,910.

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. These factors raise substantial doubt about the ability of the Company to continue as a going concern.

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

During the nine months ended September 30, 2018, the Company issued 28,258,416 shares of common stock for cash of \$268,455 of which \$240,050 was received subsequent to September 30, 2018. Each share had one-half share purchase warrant attached to it which allows the holder to purchase one common share for each full share purchase warrant at an exercise price of \$0.05 for a term of two years from the issuance date.

During the nine months ended September 30, 2018 the Company issued 1,000,000 shares of common stock with a fair value of \$10,000 for consulting services. Each share had one-half share purchase warrant attached to it which allows the holder to purchase one common share for each full share purchase warrant at an exercise price of \$0.05 for a term of two years from the issuance date.

### PREFERRED SHARES

At September 30, 2018, the outstanding number of preferred Classes A, B and C shares are 582,716 (December 31, 2017: 582,716), 15,000 (December 31, 2017: 15,000) and nil (December 31, 2017: nil), respectively

### WARRANTS

Expiry Date	Exercise Price	Number of Warrants	
		2018	2017
Open (1)	\$ 0.50	389,170	389,170
Open (1)	\$ 0.75	389,170	389,170
Open (2)	\$ 0.25	51,600	51,600
April 20, 2019	\$ 0.04	2,500,000	2,500,000
November 7, 2018	\$ 0.05	1,562,500	1,562,500
December 25, 2018	\$ 0.05	265,000	265,000
May 18, 2019	\$ 0.05	1,495,000	-
September 30, 2020	\$ 0.05	13,134,208	-
Total outstanding and exercisable		19,786,648	5,157,440
Weighted average outstanding life of warrants (years)		1.46 - Open	0.94 - 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.

### **3. 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 accordance with agreements signed between NTI, NNL and the Company, the Company was jointly and severally liable for the obligations. In 2013, ACOA filed claims against NTI, NNL and the Company for repayments of advances due to events of default. The advance and interests ACOA claims totaled CAD\$3,079,475 (\$2,378,894). Further, the claim amount bears a daily interest of CAD\$358 from February 15, 2013 to settlement. During the nine months ended September 30, 2018, the Company recorded interest expenses of \$75,809.

### **4. RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2018, the Company accrued management fees payable of \$90,000 (September 30, 2017: \$75,000) in total to a director of the company.

At September 30, 2018, there is a balance of \$507,523 (December 31, 2017: \$424,538) owing to a director of the Company for management fees and expenses reimbursement. The balance is included in current liabilities.

### **5. 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.

### **6. SUBSEQUENT EVENT**

On October 2, 2018 the Company collected its subscriptions receivable in cash for the amount of \$240,050.

## **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 and nine month periods ended September 30, 2018 and September 30, 2017 prepared by management and the audited consolidated financial statements for the twelve months ended December 31, 2017 as presented in the Company's Form 10K and amendments 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 to purchase worldwide rights to a single engine Turbo Prop airplane with industrial applications from a subsidiary of a large international aerospace company. If successful, we intend to manufacture the airplanes and market them internationally and provide Maintenance, Repair and Overhaul (MRO) services in close proximity to customers. The main applications are Agricultural, Rapid Response Forest Fire Fighting and, most recently, Cloud Seeding. 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 have experience in working on certified commercial aircraft and government military contracts, and have access to an established aircraft parts manufacturing facility.

## **Results of Operations**

Comparison of the three and nine months ended September 30, 2018 with the three and nine months ended September 30, 2017:

Gross revenues from all sources for the three month period ended September 30, 2018 were \$0 compared to \$0 in the comparative prior three month period. Gross revenues from all sources for the nine month period ended September 30, 2018 were \$0 compared to \$0 in the comparative prior nine month period. In prior years the Company earned modest consulting fees as the Company continued to reorganize its business.

The net loss for the three month period ended September 30, 2018 was \$(181,348) compared to a net loss of \$(275,400) for the three months ended September 30, 2017. The net loss was comparable to the prior year as the Company continued to reduce office and administration expenses as well as engineering and marketing expenses. The effects on our operations were minimal and we were able to make meaningful advances in our efforts to purchase the rights to the airplane.

### **Comparison of Financial Position at September 30, 2018 with December 31, 2017**

The Company's working capital deficiency increased at September 30, 2018 to \$5,043,910 with current liabilities of \$5,044,881 which are in excess of current assets of \$971. At December 31, 2017 the Company had a working capital deficiency of \$4,784,977. See also legal liabilities, note 3 to the financial statements for the nine months ended September 30, 2018.

### **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, 2017. 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 nine months ended September 30, 2018 was \$(15,467) compared to an outflow of cash of \$(4,475) in the comparative prior nine months ended September 30, 2017. During the current period, the Company received \$33,440 (\$32,500 in the comparative prior period) from equity funding leaving cash on hand at September 30, 2018 of \$971 compared to cash on hand of \$16,438 at December 31, 2017. 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 effective at September 30, 2018.

#### (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.**

Options Granted: Nil

Warrants Issued: Refer to the September 30, 2018 interim 9 month financial statements.

Common Stock Issued: During the nine months ended September 30, 2018, the Company issued 2,990,000 shares of common stock for cash of \$28,405.

Preferred Stock Subscribed: Refer to the September 30, 2018 interim 9 month financial statements.

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

No change since previous filing.

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

No change since previous filing.

### **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.

November 13, 2018

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

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