NORTHSTAR ELECTRONICS INC
Form 10-Q
August 14, 2008

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 June 30, 2008

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM n/a to n/a

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.

Suite # 1455- 409 Granville Street
Vancouver, British Columbia, Canada
V6C 1T2

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[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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ]Yes [X]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 August 1, 2008: 30,190,940

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

PART I - FINANCIAL INFORMATION

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SIGNATURES

NORTHSTAR ELECTRONICS, INC.

Consolidated Balance Sheets - U.S. Dollars

	June 30 2008 unaudited	December 31 2007 audited
ASSETS		
Current		
Cash and cash equivalents	$ 27,373	$ 34,053
Accounts receivable	529,713	556,037
Inventory - work in process	88,441	62,267
Investment tax credits receivable	-	61,247
Prepaid expenses	55,158	69,872
Total Current Assets	700,685	783,476
Pre contract costs	409,600	268,770
Intangible asset	22,129	24,783

Equipment	53,026	59,756
Total Assets	$1,185,440	$1,136,785
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$1,425,590	$1,044,624
Loans payable	138,466	137,294
Deferred revenue	44,149	125,668
Due to Cabot Management Limited	53,604	55,528
Due to Directors	744,205	566,321
Current portion of long term debt	191,948	250,289
Total Current Liabilities	2,597,962	2,179,724
Long term debt	1,596,994	1,551,890
Total Liabilities	$4,194,956	$3,731,614
STOCKHOLDERS' EQUITY (DEFICIT)		
Authorized		
100,000,000 shares of common stock with a par value of $0.0001 each		
20,000,000 shares of preferred stock with a par value of $0.0001 each		
Issued and outstanding		
29,573,440 shares of common stock (27,657,081 December 31, 2007)	2,958	2,766
40,000 shares of preferred series A stock	30,000	-
Additional paid in capital	4,918,778	4,765,743
Cumulative other comprehensive income (loss)	(389,998)	(460,287)
Deficit	(7,571,254)	(6,903,051)
Total Stockholders' Equity (Deficit)	(3,009,516)	(2,594,829)
Total Liabilities and Stockholders' Equity	$1,185,440	$1,136,785

See notes to the consolidated financial statements

Going Concern (Note 1), Contingencies (Note 5), Subsequent Events (Note 6)

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SIGNATURES

NORTHSTAR ELECTRONICS, INC.
Consolidated Statements of Operations
Three and Six Months Ended June 30, 2008 and 2007
Unaudited
U.S.Dollars

	Three Months		Six Months	
	2008	2007	2008	2007
Sales	$533,332	$351,140	$916,234	$521,467
Cost of goods sold	354,826	195,234	579,178	235,681
Gross margin	178,506	155,906	337,056	285,786
Recovery of development costs	30,605	78,230	71,248	95,435
Other income (expense)	(1,906)	(2,368)	6,983	5,832

	207,205	231,768	415,287	387,053
EXPENSES				
Salaries	260,464	267,886	567,504	477,700
Management and administration fees	67,605	-	67,605	-
Financial consulting	42,650	26,000	42,650	78,220
Professional fees	4,783	(8,562)	27,015	(1,331)
Rent	31,090	15,299	63,300	31,221
Research and development	13,791	770	13,791	1,177
Investor relations	10,500	25,392	21,150	34,756
Office and administration	10,140	23,558	39,570	53,711
Travel and business development	19,084	44,147	84,065	57,198
Interest on debt	46,862	10,146	66,158	13,809
Telephone and utilities	15,857	12,202	30,211	24,590
Amortization	5,236	4,450	10,370	11,304
Finance fees	0	9,865	49,500	9,865
Transfer agent fees	257	1,658	601	3,330
Total expenses	$528,319	$ 432,811	$1,083,490	$ 795,550
Net loss for period	$(321,114)	$(201,043)	$ (668,203)	$(408,497)
Net loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding	28,934,951	23,902,844	28,209,175	24,481,319

See notes to the consolidated financial statements

NORTHSTAR ELECTRONICS, INC.
Consolidated Statement of Changes in Stockholders' Equity
Six Months Ended June 30, 2008
Unaudited
U.S. Dollars

	Shares	Amount	Additional Paid in Capital	Other Comprehensive Income	Total Accumulated Deficit	Stockho Equit (Defic
Balance December 31, 2007	27,657,081	$2,766	$4,765,743	$(460,287)	$(6,903,051)	$(2,59
Net loss for six months	-	-	-	-	(668,203)	(66
Currency translation adjustment	-	-	-	70,289	-	7
Issuance of common stock:						
- for cash	1,166,664	117	84,883	-	-	8

- for services	749,695	75	68,152	-	-	6
Balance June 30, 2008	29,573,440	$2,958	$4,918,778	$(389,998)	$(7,571,254)	$(3,03
Series A shares of preferred stock - subscribed						3
Total stockholders' equity (deficit)						$(3,00

See notes to the consolidated financial statements

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NORTHSTAR ELECTRONICS, INC.
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2008 and 2007
Unaudited
U.S.Dollars

	2008	2007
Operating Activities		
Net income (loss)	$(668,203)	$(408,497)
Adjustments to reconcile net income (loss) to net cash used by operating activities		
Amortization	10,302	11,304
Issuance of common stock for services	68,227	122,495
Changes in operating assets and liabilities	237,772	(70,270)
Net cash (used) provided by operating activities	(351,902)	(353,968)
Investing Activities		
Property and equipment	(3,849)	(10,452)
Net cash (used) provided by investing activities	(3,849)	(10,452)
Financing Activities		
Issuance of common shares for cash (net of costs)	115,000	134,250
Increase (repayment) of long term debt	49,231	243,505
Advances from (repayment to) directors	179,225	4,636
Net cash (used) provided by financing activities	343,456	382,391
Effect of foreign exchange on translation	5,615	9,252
Inflow (outflow) of cash	(6,680)	27,223
Cash, beginning of period	34,053	24,300
Cash, end of period	$ 27,373	$ 51,523
Supplemental information		
Interest paid	$66,158	$ 13,809
Shares issued for services	$78,227	$ 122,495
Corporate income taxes paid	$ 0	$ 0

See notes to the consolidated financial statements

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NORTHSTAR ELECTRONICS, INC.
Notes to Consolidated Financial Statements
Six Months Ended June 30, 2008
Unaudited
U.S. Dollars

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

These consolidated financial statements include the accounts of Northstar Electronics, Inc. ("the Company") and its wholly owned subsidiaries Northstar Technical Inc. ("NTI") and Northstar Network Ltd. ("NNL"). All inter-company balances and transactions are eliminated. The Company was incorporated May 11, 1998 in the State of Delaware and had no operations other than organizational activities prior to the January 2000 merger with NTI described as follows: On January 26, 2000 the Company completed the acquisition of 100% of the shares of NTI. The Company, with the former shareholders of NTI receiving a majority of the total shares then issued and outstanding, effected the merger through the issuance of 4,901,481 shares of common stock from treasury. The transaction has been accounted for as a reverse takeover resulting in the consolidated financial statements including the results of operations of the acquired subsidiary prior to the merger.

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, 2007 Form 10-KSB 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 June 30, 2008 and the consolidated results of operations and the consolidated cash flows for the six months then ended. For the six months ended June 30, 2008: 75.7% of the Company's revenues were generated from a contract with a subsidiary of a major US customer and 10.3% of the Company's revenues were generated from a different contract with a Canadian subsidiary of the same US customer. The Company is continually marketing its services for follow-on contracts and for contracts with other corporations in the defense industry.

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The results of operations for the six months ended June 30, 2008 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 six months to June 30, 2008, the Company incurred a net loss of $668,203 (year to December 31, 2007: $778,818) and at June 30,2008 had a working capital deficiency (an excess of current liabilities over current assets) of $1,897,277 (December 31, 2007: $1,396,248), including $191,948 of long term debt due within one year (December 31, 2007: $250,289).

Management has undertaken initiatives for the Company to continue as a going concern. The prospect for placing equity financing, started in the previous fiscal quarter, continue. The Company is negotiating to secure an equity financing in the short term and is in discussions with several financing firms. The Company also expects to increase revenues predominantly from contract manufacturing sales. A variety of contract opportunities are near completion. These initiatives are in recognition that the Company, to continue as a going concern, must generate sufficient cash flow to cover its obligations and expenses. In addition, management believes these initiatives can provide the Company with a solid base for profitable operations, positive cash flows and reasonable growth. 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

During the six months ended June 30, 2008 the following shares of common stock were issued: For services: 749,695 shares fairly valued at $68,227, the market value of those services For cash: 1,166,664 shares fairly valued for cash of $85,000.

PREFERRED STOCK

For cash: 40,000 series A shares of preferred stock for $30,000. The preferred shares bear interest at 10% per annum paid semi annually 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 June 30, 2008 the Company had received $30,000 for 40,000 preferred shares but had not issued the shares.

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3. LONG TERM DEBT

Balance due to Atlantic Canada Opportunities Agency ("ACOA")	
December 31, 2007	$1,802,179
Increase in ACOA funding	32,000
Effect of foreign exchange on translation to US dollars	(45,237)
Balance due to ACOA June 30, 2008	1,788,942
Less current portion	(191,948)
	$1,596,994

4. REVENUE

	Six months 2008	Six months 2007

Revenue consists of:	NETMIND sales	$163,861	$273,105
	Contract sales	752,373	248,362
	Government assistance	71,248	95,435
	Other	6,983	5,832
		$994,465	$622,734

5. CONTINGENCIES

(i) The Company is a defendant in a lawsuit commenced against them in 1999 by their former master distributor. The former distributor has alleged that the Company interfered with the ability of the former distributor to sell products. The Company has filed a counter claim for monies owing by the former distributor to the Company. There has been no action from either side to date.

(ii)The Company is contingently liable to repay $1,997,144 in assistance received under the Atlantic Innovation Fund. The assistance is repayable annually at the rate of 5% of gross revenues from sales of products resulting from the Aquacomm research and development project. Gross revenues are to be calculated for the fiscal year immediately preceding the due date of the respective payment. Repayment is to continue until the assistance is repaid in full. At June 30, 2008 the Company has accrued $47,949 as repayable.

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6. SUBSEQUENT EVENT

Subsequent to June 30, 2008 the Company issued 617,500 shares of common stock for services valued at $8,225 plus cash received of $40,000.

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 six month periods ended June, 2008 and 2007 prepared by management and the audited consolidated financial statements for the twelve months ended December 31, 2007 as presented in its Form 10KSB as amended.

Although the Company has experienced an increase in the net loss this quarter due to the P3 project, it continues to expend effort in developing new markets for NETMIND, in developing advanced sonar products and in securing additional contracts for the contract manufacture and assembly of military/government systems, submarine command and control consoles, multi mode fiber optic cables and precision machined parts and other components for defense systems.

The Company believes that its overall business prospects look promising and anticipates increased revenues in the near to medium future.

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

The Company, through its subsidiaries, is an underwater sonar technology developer (USTD), a defense electronics contract manufacturer (CM) and a defense systems integrator (DSI).

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Underwater Sonar Products and Technologies

a) The NETMIND System

The Company's first underwater sonar product based on core technology is the NETMIND system. NETMIND's market is the world's commercial fishing industry and government oceanic research agencies. One of our largest customers has been the United States National Oceanic and Atmospheric Administration (NOAA).

NETMIND is both a conservation tool as well as an efficiency tool. Electronic sensors attached to a fishing trawl measure the net opening geometry, water temperature, depth of the net and the volume of fish caught plus other parameters. The sensor information is transmitted via a wireless communications link back to the ship's hydrophone for digital processing and display.

NETMIND aids in preventing over fishing and allows fishermen to catch fewer fish and still make profits. This gives regulators flexibility in reducing quotas when attempting to conserve limited fish stocks. NETMIND sales decreased from the same period last year due to a shortfall in operating capital. Steps have been taken to make working capital available internally to rectify the situation and orders are presently moving through production subsequent to March 31, 2008. A potential and substantial market for NETMIND continues to grow in Ireland, Scotland, Spain and the surrounding regions, although hampered by higher vessel fuel costs. Marketing strategies are focused on demonstrating the greater need for fishing efficiencies using NETMIND.

b) Defense Sonar Systems

The Company is a subcontractor on Lockheed Martin's anti terrorism Swimmer Detection System (SDS). The SDS is a wide band high frequency sonar system designed specifically to detect and classify underwater terrorist threats. The Company, in collaboration with Lockheed Martin Canada, is also involved in the design of a wide band sonar projector. The design and technology is applicable to innovative military sonar products one of which the Company is developing for Lockheed Martin.

Defense Contract Manufacturing

A manufacturing contract for seven submarine command and control consoles, received in March, nears completion and an additional, similar console manufacturing contract is anticipated in the following business quarter.

The Company's wholly owned subsidiary, Northstar Network Ltd., increased production work on the Master Purchase Order (MPO) for the Wing Assembly Upgrade Component for the P-3 ORION aircraft from Lockheed Martin Aeronautics with additional staff and increased production from its sub-contractors. During the quarter, the original MPO saw an increase of $514,656 bringing the total contract to US$6,821,847 over the same five year period. This work extends to the year 2012 and the Company is manufacturing components for new production service life extension kits (48) for this Lockheed Martin Service Life Extension Program (ASLEP). We expect to see an increase in the total number of aircraft in the ASLEP program.

Systems Integration

The Company is developing its approach to securing and executing large defense contracts by bringing together affiliate companies. The overall affiliate capability, which is substantial, is presented to the prime contractors. Marketing efforts continue in this area to broaden our exposure for manufacturing opportunities.

The aforementioned P3 ORION Master Purchase Order is an example of how Systems Integration works for us. In this project, six subcontractors carry out various tasks, with Northstar bringing all the component parts together for testing, quality control and delivery to the customer.

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Results of Operations

Comparison of the three and six months ended June 30, 2008 with the three and six months ended June 30, 2007:

Gross revenues from sales, miscellaneous and research and development recovery for the three month period ended June 30, 2008 were $562,031 compared to $427,002 in the comparative prior three month period. Gross revenues from sales, miscellaneous and research and development recovery for the six month period ended June 30, 2008 were $994,465 compared to $622,734 in the comparative prior six month period.

Sales revenue for the three month period ended June 30, 2008 was $533,332 (51.9% increase) compared to $351,140 of sales revenue recorded during the same three month period of the prior year. This comparative increase is the direct result of the Lockheed Martin P3 contract and the Lockheed Martin Project X contract. Sales revenue for the six month period ended June 30, 2008 was $916,234 (75.7% increase) comparable to $521,467 in the prior period. Gross margins decreased, percentage wise, from $285,786 (55%) in the prior six month period to $337,056 (37%) in the current six month period.

The net loss for the three month period ended June 30, 2008 was $(321,114) compared to a net loss of $(201,043) for the three months ended June 30, 2007. The increase in loss resulted from increased expenses associated with time-related production demands for First Article Inspections performed on the P3 project. Over this past quarter, the Company continued to invest considerable resources in seeking out additional and future contract manufacturing opportunities and is confident that the efforts will return positive results to the Company over the ensuing months and years.

Travel and business development costs were $84,065 for the six months and $57,198 for the comparative prior period ended June 30, 2007 as the Company attempts to increase its customer base and sales orders for NETMIND. During the three month period, the company reduced operating costs for NETMIND operations.

The Company is actively pursuing contracts for its sonar capabilities in military and anti terrorist applications as well the Company has bid on several contract manufacturing military.

Salaries increased to $576,504 for the six months ended June 30, 2008 compared to salaries of $477,700 (20.7% increase) for the comparative prior six months ended June 30, 2007 as the Company ramped up work on First Article Production and Inspection (FIA) of components for the P3 contract. Salaries increases will decrease to former levels following all FIA parts certification. Salaries may increase with new projects anticipated in the aeronautics area, commensurate with corresponding increases in revenues.

Cost recoveries of $71,248 were down from $95,435 recovered in the comparative prior six month period.

Comparison of Financial Position at June 30, 2008 with December 31, 2007

The Company's working capital deficiency at June 30, 2008 increased to $1,897,277 (35.9% increase) with current liabilities of $2,597,962 in excess of current assets of $700,685. At December 31, 2007 the Company had a working capital deficiency of $1,396,248. As production increased on the P3 Project, greater purchasing of materials, and sub-contractor costs increased. Considerable revenue was un-billed at the financial period completion. They will be recognized in the following financial period.

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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, 2007. 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

The Company has increased its shareholders' deficit as a result of its efforts to increase its business activity and customer base. Cash outflow for the six months ended June 30, 2008 was $(6,680) compared to an increase in cash of $27,223 in the comparative prior six month period. During the six months, the Company received $115,000 from equity funding and received $32,000 long term debt leaving cash on hand at June 30, 2008 of $27,373 compared to cash on hand of $34,053 at December 31, 2007. Until the Company receives revenues from new contracts and/or increases its product sales revenue, it will be dependent upon equity and loan financings to compensate for the outflow of cash anticipated from operations.

The Company is preparing a private placement preferred share offering pursuant to Regulations D and S with the expectation of raising up to $5,000,000. Any funds so raised are targeted for contract financing, product development, facilities, marketing and general working capital. 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.

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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.

(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	Date	Exercise Price	Expiry Date
Nil			

Warrants Issued

During the six month period ended June 30, 2008 the Company issued nil share purchase warrants.

Common Stock Issued	Date	Consideration
550,000	January, 2008	finance fees valued at $49,500
133,333	February, 2008	cash of $10,000
199,695	March, 2008	services valued at $18,727
333,332	April 15, 2008	cash of $20,000
166,666	April 28, 2008	cash of $10,000
33,333	May 26, 2008	cash of $5,000
500,000	June 3, 2008	cash of $40,000

Preferred Stock Subscribed

40,000 series A shares for cash of $30,000 and convertible to shares of common stock - proceeds were used in working capital.

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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

Exhibit 31.1 -CERTIFICATION PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Exhibit 32.1-CERTIFICATION PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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.

August 14, 2008   Northstar Electronics, Inc.
(Registrant)

By: /s/ Wilson Russell

Wilson Russell, PhD,
President and Chief Financial Officer

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Exhibit 31.1 CERTIFICATION PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Wilson Russell, Chief Executive Officer of Northstar Electronics, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2008 of Northstar Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to 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;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 14, 2008

/s/ Wilson Russell

Wilson Russell,
Chief Executive Officer and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Executive Officer and Chief Financial Officer of Northstar Electronics, Inc., that, to his knowledge, the quarterly report of the company on Form 10-Q for the period ended June 30, 2008 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

August 14, 2008

/s/ Wilson Russell

Wilson Russell,
Chief Executive Officer and Chief Financial Officer