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NEXIA HOLDINGS INC
Form 10QSB
November 13, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2003

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission file number: 33-2128-D

NEXIA HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

84-1062062

(I.R.S. Employer Identification No.)

268 West 400 South, Salt Lake City, Utah 84101

(Address of principal executive office) (Zip Code)

(801) 575-8073
(Issuer's telephone number)

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.

Yes XX No

The number of outstanding shares of the issuer's common stock, \$0.001 par value (the only class of voting stock), as of November 14, 2003 was 340,902,760.

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ITEM 1. FINANCIAL STATEMENTS

As used herein, the term "Nexia" refers to Nexia Holdings, Inc., a Nevada corporation, its subsidiary corporations and predecessors unless otherwise indicated. The accompanying unaudited, consolidated interim financial statements have been prepared in accordance with the instructions to Form 10-QSB pursuant to the Securities and Exchange Commission and, therefore, do not include all information and footnotes necessary for a complete presentation of our financial position, results of operations, cash flows and stockholders' equity in conformity with generally accepted accounting principles in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

Our unaudited consolidated balance sheet as of September 30, 2003 and the related unaudited consolidated statements of operations and cash flows for the three and nine months ended September 30, 2003 are attached hereto as Pages F-1 through F-6 and are incorporated herein by this reference.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES Consolidated Balance Sheet (Unaudited)

September 30, 2003

ASSETS

Current Assets

Cash	\$	44,728
Restricted cash		194,473
Accounts receivable - trade, net of allowance of \$34,121		52,805
Accounts and notes receivable - related parties		205,103
Prepaid expenses		6,977
Notes receivable - current		255,000
Securities available for sale		250,745
Total Current Assets		1,009,831

Fixed Assets

Property and equipment, net		2,602,926
Land		694,241
Total Fixed Assets		3,297,167

Other Assets

Loan Costs, net		87,357
Total Other Assets		87,357

TOTAL ASSETS	\$	4,394,355
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The accompanying notes are an integral part of these consolidated financial statements.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES
 Consolidated Balance Sheet (continued)
 (Unaudited)

September 30, 2003

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Current Liabilities

Accounts payable	\$ 203,477
Accrued liabilities	91,539
Unearned rent	5,023
WVDEP liability	20,000
Deferred revenue	20,113
Refundable deposit	18,583
Deferred gain on sale of subsidiary	121,770
Current portion long-term debt	794,307
Total Current Liabilities	1,274,812

Long-Term Liabilities

Notes and mortgages payable	2,181,011
Total Long-Term Liabilities	2,181,011

TOTAL LIABILITIES 3,455,823

MINORITY INTEREST 227,707

STOCKHOLDERS' EQUITY

Preferred stock - 50,000,000 shares authorized at \$0.001 par, no. shares issued	-
Common stock - 1,000,000,000 shares authorized at \$0.001 par; 340,902,760 shares issued and outstanding	340,903
Paid-in capital	9,913,873
Treasury stock - 22,198,540 shares at cost,	(100,598)
Unrealized loss on securities available for sale	(1,715)
Accumulated deficit	(9,441,638)

TOTAL STOCKHOLDERS' EQUITY 710,825

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 4,394,355

The accompanying notes are an integral part of these consolidated financial statements.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Other Comprehensive Loss
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
	-----	-----	-----	-----
Revenue		(Restated)		(Restated)
Consulting revenue	\$ 145,869	\$ 20,996	\$ 256,702	\$ 166,167
Rental revenue	107,426	126,493	346,650	514,165
	-----	-----	-----	-----
Total Revenue	253,295	147,489	603,352	680,332
Costs of Revenue				
Costs associated with consulting revenue	323,116	6,266	427,486	454,534
Costs associated with rental revenue	71,255	79,016	241,761	312,465
Interest associated with rental revenue	36,110	30,805	187,097	186,761
	-----	-----	-----	-----
Total Costs of Revenue	430,481	116,087	856,344	953,760
Gross Profit (Deficit)				
Gross profit (deficit) from consulting operations	(177,247)	14,730	(170,784)	(288,367)
Gross profit (deficit) from real estate operations	61	16,672	(82,208)	14,939
	-----	-----	-----	-----
Gross Profit (Deficit)	(177,186)	31,402	(252,922)	(273,428)
Expenses				
General and administrative expense	88,231	91,446	112,591	335,803
Impairment of marketable securities	-	-	5,022	-
	-----	-----	-----	-----
Total Expenses	88,231	91,446	117,613	335,803
	-----	-----	-----	-----
Operating Loss	(265,417)	(60,044)	(370,605)	(609,231)
Other Income (Expense)				
Interest income	7	1,581	2,092	284
Gain (loss) on sale of property and equipment	4,510	-	(5,449)	(100,701)
Gain on sale of subsidiaries	-	-	279,268	-

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Gain (loss) on sale of marketable securities	20,773	(89,016)	(6,840)	(116,394)
Other income	(13)	23,715	42,841	(10,917)
Total Other Income (Expense)	25,277	(63,720)	311,912	(227,728)
Loss Before Minority Interest	(240,140)	(123,764)	(58,693)	(836,959)
Minority Interest in Loss	2,293	20,974	23,308	121,472
Net Loss Before Discontinued Operations	(237,847)	(102,790)	(35,385)	(715,487)
Loss from discontinued operations	-	(69,698)	(83,611)	(149,432)
Net Loss	(237,847)	(172,488)	(118,996)	(864,919)
Other Comprehensive Loss				
Change in unrealized holding loss	(16,073)	(549,939)	(1,715)	(699,215)
Total Comprehensive Loss	\$ (253,920)	\$ (722,427)	\$ (120,711)	\$ (1,564,134)
Net Loss Per Common Share, basic and diluted				
Loss before minority interest	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Minority interest in loss	(0.00)	(0.00)	(0.00)	(0.00)
Loss before discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Loss on discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Net loss per weighted average common share outstanding	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding basic and diluted	322,217,434	310,303,000	315,808,987	296,469,000

The accompanying notes are an integral part of these consolidated financial statements

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

Nine Months Ended
September 30

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	2003	2002
	-----	-----
Cash Flows From Operating Activities		(Restated)
Net Income (loss)	\$ (118,996)	\$ (864,919)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss from discontinued operations	83,611	149,432
Loss from sale of investments	6,840	289,388
(Gain) loss from sale of property and equipment	5,449	100,701
(Gain) loss from sale of subsidiaries	(279,268)	
Impairment of marketable securities	5,022	-
Change in minority interest	(210,057)	(29,393)
Depreciation	102,213	125,127
Issued common stock for services	247,150	20,500
Changes in operating assets and liabilities:		
Increase in restricted cash	(194,473)	(227,242)
Accounts and notes receivable	(8,145)	(126,768)
Related party receivables	(38,118)	(129,578)
Prepaid expenses	16,523	41,585
Other assets	7,846	-
Accounts and notes payable	95,719	69,318
Unearned rent	(44,010)	68,183
Deferred revenue	(6,388)	-
Refundable deposit	12,083	-
Accrued liabilities	(1,854)	(145,094)
	-----	-----
Net Cash Used by Operating Activities	(318,853)	(658,760)
Cash Flows From Investing Activities		-
Proceeds from sale of securities	11,717	193,702
Purchase of property and equipment	(28,419)	(420,052)
Proceeds from sale of property and equipment	6,714	391,539
Net cash received (distributed) in acquisition (sale) transaction	(15,351)	18,545
Purchase of marketable securities	(5,890)	(82,088)
	-----	-----
Net Cash Provided (Used) by Investing Activities	(31,229)	101,646
Cash Flows from Financing Activities		
Proceeds from long term debt	968,675	465,466
Principal payments on notes and mortgages payable	(682,686)	(89,822)
Purchases of treasury stock	-	(15,949)
	-----	-----
Net Cash Provided by Financing Activities	285,989	359,695
	-----	-----
Increase (Decrease) in Cash	(64,093)	(197,419)
Cash at Beginning of Period	108,821	295,343
	-----	-----
Cash at End of Period	\$ 44,728	\$ 97,924
	=====	=====
Supplemental Disclosures		
Interest paid in cash	\$ 187,097	\$ 132,515
Income taxes paid in cash	\$ -	\$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
	-----	-----
Common stock issued for loan costs	\$ 50,000	\$ -
Office equipment acquired through capital lease	\$ 19,815	\$ -

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Common stock issued for services	\$	247,150	\$	20,500
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The accompanying notes are an integral part of these consolidated financial statements

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES Notes to the Consolidated Financial Statements September 30, 2003

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited consolidated financial statements are those of Nexia Holdings, Inc. and Subsidiaries (the Company) and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim consolidated financial statements be read in conjunction with the Company's most recent audited consolidated financial statements and notes thereto included in its December 31, 2002 Annual Report on Form 10-KSB. Operating results for the nine months ended September 30, 2003 are not indicative of the results that may be expected for the year ending December 31, 2003.

NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred cumulative operating losses through September 30, 2003 of \$9,441,638 and a working capital deficit of \$264,981 all of which raises substantial doubt about the Company's ability to continue as a going concern.

Primarily, revenues have not been sufficient to cover the Company's operating costs. Management's plans to enable the Company to continue as a going concern include the following:

- o Increasing revenues from rental properties by implementing new marketing programs.
- o Making certain improvements to certain rental properties in order to make them more marketable.
- o Reducing negative cash flows by selling rental properties that do not at least break even.
- o Refinancing high interest rate loans.
- o Increasing consulting revenues by focusing on procuring clients that

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- pay for services rendered in cash or highly liquid securities.
- o Reducing expenses through consolidating or disposing of certain subsidiary companies.
- o Raising additional capital through private placements of the Company's common stock.
- o Paying for services through the issuance of common stock instead of cash.

There can be no assurance that the Company can or will be successful in implementing any of its plans or that they will be successful in enabling the company to continue as a going concern. The Company's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES Notes to the Consolidated Financial Statements September 30, 2003

NOTE 3 - MATERIAL EVENTS

During July 2003, the Company's majority owned subsidiary, Hudson sold its interest in Unit B112 of the Timberbrook Condominiums in Iron County, Utah. The purchase price of the unit was \$48,000 which resulted in a profit to Hudson of approximately \$4,500.

On July 21, 2003, the Company issued 5,000,000 shares of S-8 common stock to outside parties for services rendered valued at \$10,000, or \$0.002 per share, the market price on the date of grant.

During August, 2003, the Company signed a Binding Letter of Intent to acquire Black Chandelier, Inc. (BCI) a newly formed corporation, which owns the licensing rights and controls the Los Angeles based clothing labels Jared Gold and Black Chandelier. The Company intends to acquire a 100% interest in BCI for Five Million (5,000,000) shares of its restricted common stock. BCI assets include several trade marks, a large volume of perfected digital patterns, sample shop equipment, a library of silk screens, websites and domain names, a large archive of past collection and spec samples, and digital artwork for screen prints. The consummation of the acquisition has been delayed until certain trade creditors' claims are resolved.

During August, 2003, the Company signed a 6 month contract with The Company Reporter Inc. for investor relations services in exchange for 3,000,000 shares of its restricted common stock valued at \$9,000, or \$0.003 per share, the market price on the date of grant. The Company Reporter, Inc. is a full service investor relations firm specializing in growth stocks.

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During September, 2003, the Company issued 17,550,000 shares of S-8 common stock to employees for services rendered valued at \$228,150, or \$0.013 per share, the market price on the date of grant.

NOTE 4 - SUBSEQUENT EVENTS

On November 10, 2003, Nexia executed a Stock Exchange Agreement with Richard Bailey and Jeffrey Gray to acquire 90% ownership of Creative Marketing Group, Inc., (CMG) which holds 100% ownership of Creative Filter Solutions, LLC (CFS). CMG and CFS hold two license agreements with Sunbeam Products, Inc. (Sunbeam) to market ground coffee and coffee filters under the Mr. Coffee brand name.

The Stock Exchange Agreement (Agreement) provides that in exchange for the assignment and transfer to Nexia of their interests in CMG, Nexia will issue to Mr. Bailey and Mr. Gray shares of its Series A Convertible Preferred Stock (Preferred Stock). In exchange for Bailey's 80% ownership of CMG he will receive 5,100,000 shares of Preferred Stock and for Mr. Gray's 10% ownership he will receive 1,000,000 shares of Preferred Stock. Each share of Preferred stock is entitled to voting rights equal to 100 shares of the common stock of Nexia and has a conversion right into \$10 worth of common stock.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES Notes to the Consolidated Financial Statements September 30, 2003

NOTE 5 - RESTATEMENT OF PRIOR PERIOD RESULTS

The amounts reflected in the statement of operations and statement of cash flows for the period ended September 30, 2002 have been restated to account for the merger transaction between Nexia and Axia that occurred on February 15, 2002, as a reverse acquisition. The transaction was previously accounted for as a merger between entities under common control. As such, the operations and cash flows previously included those of Nexia for the six months ended September 30, 2002 and those of the acquired entities (Diversified Holdings I, Wichita Development Corporation, Wasatch Capital Corporation, Downtown Development Corporation, Golden Opportunity Development Corporation, and Canton Tire Recycling of West Virginia, Inc.) from the date of the acquisition, February 15, 2002, through September 30, 2002. The restated amounts, accounting for the transaction as a reverse merger, reflect the operations and cash flows of the accounting acquirer (Diversified Holdings I, Wichita Development Corporation, Wasatch Capital Corporation, Downtown Development Corporation, Golden Opportunity Development Corporation, and Canton Tire Recycling of West Virginia, Inc.) for the three months ended September 30, 2002 and those of Nexia from the date of acquisition, February 15, 2002, through September 30, 2002. The table below reflects the change in revenues, net loss, and net loss per share due to this restatement:

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Nine Months Ended September 30, 2002
(Restated) (Originally Reported)

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Revenues	\$ 680,332	\$ 622,804
Net loss	\$ (864,919)	\$ (744,943)
Net loss per share	\$ (.00)	\$ (.00)

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
September 30, 2003

NOTE 6 - DISCONTINUED OPERATIONS

On June 30, 2003, the Company sold its interest in Wichita Development Corporation (Wichita) and its subsidiaries Salt Lake Development and Wichita Properties to Diversified Financial Resources Corporation. As a result, the operations of Wichita have been reflected as discontinued operations. The following is a summary of the loss from discontinued operations:

	For the nine months ended September 30,	
	2003	2002
Revenues	\$ 82,005	\$ 244,340
Costs of Revenue	150,188	320,407
Gross Deficit	(68,183)	(76,067)
Total Operating Expenses	17,399	69,233
Operating Loss	(85,582)	(145,300)
Total Other Income (Expense)	1,971	(4,132)
Net Loss	(83,611)	(149,432)

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Statements

The information herein contains certain forward looking statements within the

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meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward looking statements involve risks and uncertainty, including, without limitation, the ability of Nexia to continue its expansion strategy, changes in the real estate markets, labor and employee benefits, as well as general market conditions, competition, and pricing. Although Nexia believes that the assumptions underlying the forward looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward looking statements included in the Form 10QSB will prove to be accurate. In view of the significant uncertainties inherent in the forward looking statements included herein, the inclusion of such information should not be regarded as a representation by Nexia or any other person that the objectives and plans of Nexia will be achieved.

General

Nexia had no substantial operations from January 2, 2001 until February 15, 2002. On February 15, 2002, Nexia entered into a Stock Purchase Agreement ("Agreement") with Axia Group, Inc. ("Axia"), pursuant to which Nexia issued to Axia 255,100,000 restricted shares of Nexia's common stock in exchange for essentially all of the assets and liabilities of Axia including a portfolio of securities, real estate holdings and publicly reporting shell-companies. Nexia intends to manage the interests acquired from Axia as a result of this transaction in a manner similar to that previously followed by Axia. For more information on this transaction, see the Company's Form 10-KSB filed May 30, 2003.

Nexia operates in two primary areas of business: Nexia acquires, leases and sells real estate; and, Nexia provides financial consulting services. The following discussion examines Nexia's financial condition as a result of operations for the nine months ended September 30, 2003, and compares those results with the comparable period from last year.

The amounts reflected in the statement of operations and statement of cash flows for the period ended September 30, 2002 have been restated to account for the merger transaction between Nexia and Axia that occurred on February 15, 2002 as a reverse acquisition. See footnote 5 to the consolidated financial statements.

Real Estate Operations

Nexia's objective, with respect to real estate operations, is to acquire, through subsidiaries, properties which management believes to be undervalued and which Nexia is able to acquire with limited cash outlays. Nexia will consider properties anywhere within the continental United States. Nexia attempts to acquire such properties by assuming existing favorable financing and paying the balance of the purchase price with nominal cash payments or through the issuance of shares of common stock. Once such properties are acquired, Nexia leases them to primarily commercial tenants. Nexia also makes limited investments to improve the properties with the objective of increasing occupancy and cash flows. Management believes that, with limited improvements and effective management, properties can be sold at a profit within a relatively short period of time.

Nexia recorded rental revenues of \$107,426 and \$346,650 for the three and nine months ended September 30, 2003 respectively, as compared to \$124,493 and \$514,165 for the same periods in 2002. The decrease in rental revenues was due to a significant decrease in occupancy rates in the Glendale shopping center.

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Nexia had a gain from real estate operations of \$61 and a loss of \$82,208 for the three and nine months ended September 30, 2003, compared to gains of \$16,672 and \$14,939 for the same periods in 2002. The increase in loss is attributable primarily to the decrease in occupancy.

Nexia will continue efforts to improve profitability and cash flow by working to increase occupancy and rental income from those properties which have a high vacancy rate as well as focusing on properties with the highest per square foot rental rates. Nexia also intends to continue to purchase real estate primarily for appreciation purposes. Accordingly, Nexia hopes to not only minimize any real estate cash flow deficit, but also generate sufficient cash to record a substantial profit upon property disposition.

Consulting Operations

Nexia, through its majority owned subsidiary, Hudson Consulting Group, Inc., ("Hudson") provides a variety of financial consulting services to a wide range of clients. The primary service performed by Hudson involves assisting clients in structuring mergers and acquisitions. This includes locating entities suitable to be merged with or acquired by Hudson's clients, as well as providing general advice related to the structuring of mergers or acquisitions. Hudson also assists clients in restructuring their capital formation, advises with respect to general corporate problem solving and provides shareholder relations services designed to expose its clients to the investment community.

Nexia's consulting subsidiary generates revenues through consulting fees payable in the client's equity securities, cash, other assets or some combination of the three. The primary form of compensation received is the equity securities of clients. When payment is made in the form of restricted equity securities, the number of shares to be paid is usually dependent upon the price of the client's common stock (if such price is available) and the extent of consulting services provided. When stock is received as payment it is booked as deferred revenue at its currently quoted market value. After the stock is sold, it is then booked as revenue.

Nexia generates cash flow, in part, by liquidating non-cash assets (equity securities) received as fees for consulting services. As most fees are paid in the form of equity, the revenues and cash flows realized by Nexia are somewhat tied to the price of its clients' securities and Nexia's ability to sell such securities. A decline in the market price of a client's stock can affect the total asset value of Nexia's balance sheet and can result in Nexia incurring substantial losses on its income statement.

Nexia's portfolio consists primarily of restricted and unrestricted shares of common stock in micro to small cap publicly traded companies. This portfolio currently consists of shares of common stock in over 25 different companies whose operations range from that of high-tech to oil and gas companies. The Company's ownership in the above publicly traded companies is less than 20% and thus accounts for them as investments available for sale at the lower of cost or market. Nonetheless, Nexia's portfolio is considered extremely volatile.

Revenues from Nexia's financial consulting operations increased for the quarter ended September 30, 2003, as compared to the comparable period in 2002. Nexia recorded \$145,869 and \$256,702 in revenues for the three months and nine months ended September 30, 2003, respectively, from its financial consulting operations as compared to \$20,996 and \$166,167 for the same periods of 2002. Nexia experienced a loss from consulting operations of \$177,247 for the three

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months ended September 30, 2003, and a loss of \$170,784 for the nine months ended September 30, 2003 as compared to a gain of \$14,730 for the three months ended September 30, 2002 and a loss of \$288,367 for the nine months ended September 30, 2002.

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Company Operations as a Whole

Revenues

Gross revenues for the three and nine month periods ended September 30, 2003, were \$253,295 and \$603,352 respectively as compared to \$147,489 and \$680,332 for the same periods in 2002. The decrease in nine month revenues of \$76,980 is due to the issues stated above.

Losses

Nexia recorded operating losses of \$265,417 and \$370,605 for the three and nine month periods, respectively ended September 30, 2003, compared to losses of \$60,044 and \$609,231 for the comparable periods in the year 2002.

Nexia recorded net losses of \$237,847 and \$118,996 for the three and nine months ended September 30, 2003, as compared to net losses of \$172,488 and \$864,919 for the same periods in the previous year. The decreased losses are attributable primarily to the gain on the sale of Wichita as well as cost cutting efforts implemented by Nexia.

Nexia does not expect to operate at a profit through fiscal 2003. Since Nexia's activities are closely tied to the securities markets and the ability to operate its real estate properties at a profit, future profitability or its revenue growth tends to follow changes in the securities and real estate market place. There can be no guarantee that profitability or revenue growth can be realized in the future.

Expenses

General and administrative expenses for the three and nine months ended September 30, 2003, were \$88,231 and \$112,591, respectively, compared to \$91,446 and \$335,803 for the same periods in 2002. The decrease in expenses is due to cost-cutting measures implemented by Nexia.

Depreciation and amortization expenses for the nine months ended September 30, 2003 and September 30, 2002, were \$102,213 and \$125,127, respectively. The decrease was due primarily to the permanent impairment of one of Nexia's properties for the year ended December 31, 2002, which therefore caused a significant decrease in its depreciable base, as well as the sale of its former subsidiary Wichita Development Corporation, on June 30, 2003.

Capital Resources and Liquidity

On September 30, 2003, Nexia had current assets of \$1,009,831 and \$4,394,355 in total assets. Nexia had a net working capital deficit of \$264,981 at September 30, 2003. The working capital deficit is due primarily to mortgages which will

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or may come due in the next twelve months based on call provisions presented in the mortgages.

Net cash used in operating activities was \$318,853 for the nine months ended September 30, 2003, compared to \$658,760 for the nine months ended September 30, 2002.

Cash used by investing activities was \$31,229 for the nine months ended September 30, 2003, compared to cash flow provided by investing activities of \$101,646 for the same period in 2002.

Cash provided by financing activities was \$285,989 for the nine months ended September 30, 2003, compared to \$359,695 for the nine months ended September 30, 2002.

Due to Nexia's debt service on real estate holdings, willingness to acquire properties with negative cash flow shortages and acceptance of non-cash assets for consulting services, Nexia may experience

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occasional cash flow shortages. To cover these shortages we may need to sell securities from time to time at a loss. In addition, the Company is currently experiencing challenges with regard to cash flows. We are looking at several options to improve this situation, including the private placement of Nexia common stock.

Impact of Inflation

Nexia believes that inflation has had a negligible effect on operations over the past three years. Nexia believes that it can offset inflationary increases in the cost of materials and labor by increasing sales and improving operating efficiencies.

Known Trends, Events, or Uncertainties

General Real Estate Investment Risks

Nexia's investments are subject to varying degrees of risk generally incident to the ownership of real property. Real estate values and income from Nexia's current properties may be adversely affected by changes in national or local economic conditions and neighborhood characteristics, changes in interest rates and in the availability, cost and terms of mortgage funds, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes and other natural disasters which may result in uninsured losses, acts of war, adverse changes in zoning laws and other factors which are beyond the control of Nexia.

Value and Illiquidity of Real Estate

Real estate investments are relatively illiquid. The ability of Nexia to vary its ownership of real estate property in response to changes in economic and other conditions is limited. If Nexia must sell an investment, there can be no assurance that Nexia will be able to dispose of it in the time period it desires or that the sales price of any investment will recoup the amount of Nexia's investment.

Property Taxes

Nexia's real property is subject to real property taxes. The real property

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taxes may increase or decrease as property tax rates change and as the property is assessed or reassessed by taxing authorities. If property taxes increase, Nexia's operations could be adversely affected.

ITEM 3. CONTROLS AND PROCEDURES

Nexia's president acts both as the Company's chief executive officer and chief financial officer ("Certifying Officer") and is responsible for establishing and maintaining disclosure controls and procedures for Nexia. The Certifying Officer has concluded (based on his evaluation of these controls and procedures as of a date within 90 days of the filing of this report) that the design and operation of Nexia's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934) are effective. No significant changes were made in Nexia's internal controls or in other factors that could significantly affect those controls subsequent to the date of the evaluation, including any corrective actions with regard to slight deficiencies and material weaknesses. Due to the Certifying Officer's dual role as chief executive officer and chief financial officer, Nexia has no segregation of duties related to internal controls.

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PART II-OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since the filing of Nexia's 10-KSB for the period ended December 31, 2002 no material changes have occurred to the legal proceedings reported therein, except as noted below. For more information please see Nexia's Form 10-KSB for the year ended December 31, 2002, filed May 30, 2003.

Hudson Consulting Group, Inc. v. Ohana Enterprises, Inc., Isaac P. Simmons, Kathryn A. Christmann, Gerard Nolan, David Cronshaw, Interactive Ideas, Jonathan Thomas and Phillip Crawford. Suit was filed on March 17, 2003 in the Third Judicial District Court in and for Salt Lake County, State of Utah, Case No. 030905949. Suit was filed by Hudson to seek payment under an August 27, 2002 Stock Purchase Agreement, wherein the named defendants purchased a controlling interest in a Delaware corporation known as Torchmail Communications, Inc. which changed its name subsequent to the transfer to Ohana Enterprises, Inc. The total sales price was \$300,000 of which only the first \$100,000 has been paid. The defendants have claimed that Hudson misrepresented the status of Ohana prior to the transfer and are denying any further obligation to make payments. Suit has been filed and attempts are ongoing to resolve the dispute through either the return of control of the corporation or through payment of the outstanding obligation. Six of the defendants have made an appearance in case filing a counterclaim and naming Axia Group, Inc., Richard Surber, Ed Haidenthaller and Ruairidh Campbell as third party defendants. Hudson denies any misrepresentation with regard to the corporation and its status and believes that the claims of the defendants are an attempt to alter the terms of the written agreement. Hudson, Surber and Axia have filed a

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response to the counterclaims denying any wrongdoing and asserting their defenses to the claims asserted by the defendants. Discovery and settlement discussions are both ongoing at the present time.

Interbay Funding, LLC v. Wichita Development Corporation and Richard D. Surber. Suit was filed on May 21, 2003 in the District Court of Sedgwick County, Kansas, Case No. 03CV2074. The suit seeks to foreclose on the mortgage held by Interbay Funding on the office building operated by Wichita Development in Wichita, Kansas. The suit alleges that mortgage payments are delinquent as of and from February 1, 2002 and that the sum of \$270,470.57 is sought to satisfy the outstanding mortgage on the building. The claims alleged in this suit have been resolved and the litigation has been dismissed.

Subsequent to the end of the quarter ending September 30, 2003 the following legal matter was resolved:

Hudson Consulting Group, Inc. v. Technical Ventures, Inc. Suit was filed by Hudson Consulting Group, Inc. on October 10, 2001 against Technical Ventures, Inc. in the Third Judicial District Court of Salt Lake County, State of Utah, and assigned civil cause No. 010908909. Hudson has filed suit seeking recovery of fees owed to it arising from an Advisory Agreement entered into in July of 1999. The suit alleges that 575,000 shares of Technical Ventures, Inc. common stock has not been delivered to Hudson as required by the agreement. The parties have agreed to a mutual dismissal and release of all claims and have submitted to the court for entry an agreed Order to Dismiss the litigation with prejudice. Each party has agreed to pay their own costs arising from the litigation.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On August 25, 2003, Nexia issued Three Million (3,000,000) shares of common stock to The Company Reporter, Inc. in exchange for a six-month contract for investor relations services. The Company Reporter Inc. is a full service investor relations firm specializing in growth stock. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933.

On November 7, 2003, Nexia approved for filing with the Secretary of State for Nevada a "Certificate of Determination of the Rights and Preferences of Preferred Stock of Nexia Holdings, Inc." This document sets forth and designates the rights and privileges of the Preferred Stock of Nexia that is designated as

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Series A Convertible Preferred Stock and authorized in the amount of 10,000,000 shares, out of the total number of 50,000,000 preferred shares authorized by Nexia's Articles of Incorporation.

The Series A Convertible Preferred Stock is designated as having a par value of \$0.001 per share and designated as senior to the Common Stock of Nexia. In the event of liquidation the shares have a priority right to \$10.00 per share in any distribution as a result of liquidation. These shares are given the same voting rights as Common Shares on a one hundred-for-one basis.

Rights to dividends are granted to the Series A Convertible Preferred Stock equal to those of the Common Stock, when, as and if declared by the Directors of Nexia, to be paid in cash or in common stock equal to market value at the election of the Company. Conversion rights into shares of Common Stock are

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given to the Series A Convertible Preferred Stock based upon that number of shares of the Company's Common Stock equal in market value to \$10.00 at the time of conversion.

The information provided herein above is merely a synopsis of the basic terms of the determination document referenced above, which descriptions are qualified in their entirety by the terms of the document itself, which document is attached hereto as an exhibit and thereby incorporated herein by reference.

ITEM 5. OTHER INFORMATION

During the quarter ending September 30, 2003, Nexia's subsidiary, Hudson Consulting Group, Inc., temporarily discontinued cash payments to its employees.

Consequently, Nexia has relied upon the issuance of S-8 shares to pay certain employees and consultants. On July 21, 2003, Nexia issued 5,000,000 shares of S-8 common stock to Jared Gold for services rendered valued at \$10,000, or \$0.002 per share, the market price on the date of grant. In September, 2003 Nexia issued 17,550,000 shares of its common stock to employees under its S-8 Registration Statements for its Employee Benefit Plans. Michael Golightly, an attorney employed by the Company was issued 7,550,000 shares as compensation for past services to the Company and in partial settlement of obligations related to his employment. Shane Stone, serving as accounting manager for the Company was issued 10,000,000 shares as compensation for his services in working on financial and quarterly reports for the Company and in partial settlement of obligations related to his employment.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits on page 9 of this Form 10-QSB, and are incorporated herein by this reference.
- (b) Reports on Form 8-K During the period covered by this report, Nexia filed several Form 8-K reports.
 - 1) On July 18, 2003, the Company filed a Form 8-K announcing that it had entered into a Stock Purchase Agreement with Diversified Financial Resources Corporation on June 30, 2003.
 - 2) On July 30, 2003, the Company filed a Form 8-K/A restating and clarifying information related to its change of certifying independent auditors on March 24, 2003.
 - 3) On November 10, 2003, the Company filed a Form 8K disclosing the rights of certain preferred shares set forth pursuant to a Certification of Designation.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 12th day of November 2003.

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Nexia Holdings, Inc.
/s/ Richard Surber

Richard Surber, President and Director

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INDEX TO EXHIBITS

EXHIBIT NO.	PAGE	NO. DESCRIPTION
3(i)		* Articles of Incorporation of Nexia (incorporated herein by reference from Exhibit No. 3(i) to Nexia's Form S-18 as filed with the Securities and Exchange Commission on September 16, 1988).
3(ii)		* Bylaws of Nexia, as amended (incorporated herein by reference from Exhibit 3(ii) of Nexia's Form S-18 as filed with the Securities and Exchange Commission on September 16, 1988).
3(iii)		* Articles of Incorporation of Nexia (incorporated herein by reference from Appendix B of Nexia's Form 14-A as filed with the Securities and Exchange Commission on August 17, 2000 .)
4(a)		* Form of certificate evidencing shares of "Common Stock" in Nexia (incorporated from Exhibit 4(a) to Nexia's Form S-18 as filed with the Securities and Exchange Commission on September 16, 1988).
Material Contracts		
10(i)	*	Stock Purchase Agreement with Diversified Financial Resources Corporation dated June 30, 2003, providing for the transfer of control of Wichita Development Corporation and Salt Lake Development Corporation (incorporated from Exhibit 10(i) to Nexia's Form 10-QSB as filed with the Securities and Exchange Commission on September 19,2003).
10(ii)	13	Advisory Agreement between Nexia and Jared Gold dated August 12,2003.
99(i)	*	Certificate of Determination of the Rights and Preferences of Preferred Stock of Nexia Holdings, Inc. (incorporated by reference from Exhibit 4 to Nexia's Form 8K filed on November 10, 2003 with the Securities and Exchange Commission).
Certifications		
31(i)	11	CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-

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OXLEY ACT OF 2002.

32(i) 12 CERTIFICATION PURSUANT TO 18 U.S.C.ss.1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT
OF 2002.

* Previously filed as indicated and incorporated herein by reference
from the referenced filings previously made by Nexia.

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Exhibit 31(i)

I, Richard Surber, certify that:

1. I have reviewed this quarterly Report on Form 10-QSB for Nexia Holdings, Inc.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e)) 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 quarterly report is being prepared;

(b) 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

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

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(a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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.

Date: November 12, 2003

/s/ Richard Surber

Richard Surber the President, CEO & CFO of Nexia Holdings, Inc.

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Exhibit 32(i)

CERTIFICATION

I, Richard Surber, Chief Executive and Financial Officer of Nexia Holdings, Inc. (the "Registrant"), do hereby certify, pursuant to 18 U.S.C.ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) the Quarterly Report of Form 10-QSB of the Registrant, to which this certification is attached as an exhibit (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Registrant.

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2003 by and between Jared Gold whose address is XXXXXXXXXXXXX, Salt Lake City, UT XXXXX ("Advisor") and Nexia Holdings, Inc., a corporation with its offices located 268 West 400 South, Salt Lake City, Utah 84101 (the "Company").

WHEREAS, Advisor has experience in both high-end and junior market apparel design.

Advisor also maintains extensive resources in promotional design and distribution, large scale promotional events, and all aspects of clothing manufacture, conversion, and shipping.

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WHEREAS, the Company desires to retain Advisor to advise and assist the Company in its efforts to manage the Jared Gold/Black Chandelier Labels for Nexia Holdings, Inc. on the terms and conditions set forth below.

agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company, and Advisor agree as follows:

1. Engagement

The Company hereby retains Advisor, effective as of the date hereof (the "Effective Date") and continuing for a period of twelve (12) months, as provided herein, to assist the Company in its efforts to develop the Clothing Labels (the "Services").

- o Design clothing: at least two collections per year for both collections. Black Chandelier- jeans and t-shirts Jared Gold - high end and luxury goods
- o Oversee pattern making, fitting, corrections, and production fit
- o Design screen prints as well as other treatments and conversions
- o Design promotional implements and press releases
- o Organize and maintain marketing and sales teams
- o Oversee costing and acquisitions of goods and equipment
- o Design and direct web sites and internet marketing o Oversee product placement and distribution
- o Manage both creative and production staffs
- o Organize and produce runway shows and promotional events

The Services are to be provided on a "best efforts" basis directly and through Advisor's officers or others employed or retained and under the direction of Advisor ("Advisor's Personnel");

This Agreement shall have an initial term of twelve (12) months (the "Primary Term"), commencing with the Effective Date. At the conclusion of the Primary Term this Agreement may be extended by mutual consent of the parties on such terms as to which they may mutually agree.

Advisor shall allocate time and Advisor's Personnel as it deems necessary to provide the

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Services. The particular amount of time may vary from day to day or week to week. Additionally, in the absence of willful misfeasance, bad faith, negligence or reckless disregard for the obligations or duties hereunder by Advisor, neither Advisor nor Advisor's Personnel shall be liable to the Company or any of its shareholders for any act or omission in the course of or connected with rendering the Services.

The Company agrees to pay to Advisor, as a fee and for services rendered pursuant to this agreement, a total of Five Million (5,000,000) shares of the common stock of the Company which shall be issued without restriction pursuant to an S-8 registration as an initial retainer. With respect to the above referenced issuances, the Company stipulates that shares are being issued for services that were not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly, or indirectly, promote or maintain a market for the Company's securities. The Company further stipulates that Jared Gold is not an officer, director, or otherwise control person of the Corporation. Upon Nexia's acquiring Black Chandelier Inc., Mr. Gold and the company agree that he will be entitled to 25% of the net profits generated by Black Chandler Inc. This agreement will span the duration of 12 months unless otherwise agreed to by both parties in writing.

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The Services provided by Advisor or Advisor's Personnel hereunder will be performed at Advisor's offices except as otherwise mutually agreed by Advisor and the Company.

Advisor and Advisor's Personnel will act as an independent contractor in the performance of its duties under this Agreement. Accordingly, Advisor will be responsible for payment of all federal, state, and local taxes on compensation paid under this Agreement, including income and social security taxes, unemployment insurance, and any other taxes due relative to Advisor's Personnel, and any and all business license fees as may be required. This Agreement neither expressly nor impliedly creates a relationship of principal and agent, or employee and employer, between Advisor's Personnel and the Company. Neither Advisor nor Advisor's Personnel are authorized to enter into any agreements on behalf of the Company.

This Agreement neither expressly nor impliedly creates a relationship of principal and agent between the Company and Advisor, or employee and employer as between Advisor's Personnel and the Company.

Subject to the provisions herein, the Company and Advisor agree to indemnify, defend and hold each other harmless from and against all demands, claims, actions, losses, damages, liabilities, costs and expenses, including without limitation, interest, penalties and attorneys' fees and expenses asserted against or imposed or incurred by either party by reason of or resulting from any action or a breach of any representation, warranty, covenant, condition, or agreement of the other party to this Agreement.

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9. Remedies

Advisor and the Company acknowledge that in the event of a breach of this Agreement by either party, money damages would be inadequate and the non-breaching party would have no adequate remedy at law. Accordingly, in the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

(A) Subsequent Events. Advisor and the Company each agree to notify the other party if, subsequent to the date of this Agreement, either party incurs obligations which could compromise its efforts and obligations under this Agreement.

(B) Amendment. This Agreement may be amended or modified at any time and in any manner only by an instrument in writing executed by the parties hereto.

(C) Further Actions and Assurances. At any time and from time to time, each party agrees, at its or their expense, to take actions and to execute and deliver documents as may be reasonably necessary to effectuate the purposes of this Agreement.

(D) Waiver. Any failure of any party to this Agreement to comply with any of its obligations, agreements or conditions hereunder may be waived in writing by the party to whom such compliance is owed. The failure of any party to this Agreement to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or waiver of the

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right of such party thereafter to enforce each and every such provision. No waiver of any breach of or noncompliance with this Agreement shall be held to be a waiver of any other or subsequent breach or noncompliance.

(E) Assignment. Neither this Agreement nor any right created by it shall be assignable by either party without the prior written consent of the other or as stated herein.

(F) Notices. Any notice or other communication required or permitted by this Agreement must be in writing and shall be deemed to be properly given when delivered in person to an officer of the other party, when deposited in the United States mails for transmittal by certified or registered mail, postage prepaid, or when deposited with a public telegraph company for transmittal, or when sent by facsimile transmission charges prepaid, provided that the communication is addressed:

(i) In the case of the Company:	Nexia Holdings, Inc. 268 West 400 South, Suite 300 Salt Lake City, Utah 84101 Telephone: (801) 575-8073 Telefax:: (801) 575-8092
(ii) In the case of Advisor:	Jared Gold xxxxxxxxxx Salt Lake City, UT xxxx Telephone: (xxx) xxxxxxxx

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or to such other person or address designated in writing by the Company or Advisor to receive notice.

(G) Headings. The section and subsection headings in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(H) Governing Law. This Agreement was negotiated and is being contracted for in Utah, and shall be governed by the laws of the State of Utah, and the United States of America, notwithstanding any conflict-of-law provision to the contrary.

(I) Binding Effect. This Agreement shall be binding upon the parties hereto and inure to the benefit of the parties, their respective heirs, administrators, executors, successors, and assigns.

(J) Entire Agreement. This Agreement contains the entire agreement between the parties hereto and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter of this Agreement. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. No representations, warranties, covenants, or conditions, express or implied, other than as set forth herein, have been made by any party.

(K) Severability. If any part of this Agreement is deemed to be unenforceable the balance of the Agreement shall remain in full force and effect.

(L) Counterparts. A facsimile, telecopy, or other reproduction of this Agreement may be executed simultaneously in two or more counterparts, each of which shall

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be deemed an original, but all of which together shall constitute one and the same instrument, by one or more parties hereto and such executed copy may be delivered by facsimile or similar instantaneous electronic transmission device pursuant to which the signature of or behalf of such party can be seen. In this event, such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties agree to execute an original of this Agreement as well as any facsimile, telecopy, or other reproduction hereof.

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(M) Time is of the Essence. Time is of the essence of this Agreement and of each and every provision hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date above written.

The "Company"
Nexia Holdings, Inc.
A Nevada Corporation

"Advisor"
Jared Gold
An Individual

By: /s/ Richard Surber

Richard Surber, President
The "Company"

/s/ Jared Gold

Jared Gold
"Advisor"