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NEXIA HOLDINGS INC  
Form 10QSB  
June 17, 2004

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 March 31, 2004
- Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 33-22128-D  
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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, as of June 15, 2004 was 551,886,094.

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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 March 31, 2004, audited balance sheet as of December 31, 2003, and the related unaudited consolidated statements of operations, and stockholder's equity as of March 31, 2004, and cash flows for the three months ended March 31, 2004 and 2003 are attached hereto as Pages F-1 through F-16 and are incorporated herein by this reference.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets

	March 31, 2004	December 31, 2003
ASSETS	----- (Unaudited)	-----
Current Assets		
Cash	\$ 200,340	\$ 94,073
Accounts receivable - trade	51,564	33,387

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Related party accounts receivable	40,942	12,952
Notes receivable, net of allowance of \$315,000	45,814	36,949
Prepaid expenses	633	99
Marketable securities	12,753	205,400
	-----	-----
Total Current Assets	352,046	382,860
	-----	-----
Fixed Assets		
Property and equipment, net	2,559,660	2,570,691
Land	488,895	488,895
	-----	-----
Total Fixed Assets	3,048,555	3,059,586
	-----	-----
Other Assets		
Loan costs, net	34,666	38,059
	-----	-----
Total Other Assets	34,666	38,059
	-----	-----
TOTAL ASSETS	\$ 3,435,267	\$ 3,480,505
	=====	=====

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

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets (Continued)

	March 31, 2004	December 31, 2003
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited)	
CURRENT LIABILITIES		
Accounts payable	\$ 109,903	\$ 188,188
Accrued liabilities	130,302	130,524

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Current portion of WVDEP liability	-	20,000
Unearned rent	12,683	28,455
Deferred revenue	1,461	8,958
Deferred gain on sale of subsidiary	-	21,770
Refundable deposit	15,541	15,541
Convertible debentures	60,000	60,000
Current portion long-term debt	1,213,859	1,213,859
	-----	-----
Total Current Liabilities	1,543,749	1,687,295
	-----	-----
LONG-TERM LIABILITIES		
Long-term debt	1,529,894	1,548,740
	-----	-----
Total Long-Term Liabilities	1,529,894	1,548,740
	-----	-----
Total Liabilities	3,073,643	3,236,035
	-----	-----
MINORITY INTEREST	199,170	199,765
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, no shares issued or outstanding	-	-

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

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets (Continued)

	March 31, 2004	December 31, 2003
	-----	-----
Common stock, \$0.001 par value, 10,000,000,000 shares authorized, 473,886,094 and 348,502,760 shares issued and outstanding, respectively	(Unaudited) 473,886	348,503
Additional paid-in capital	10,793,766	10,063,482
Treasury stock, 29,138,352 and 20,038,340 shares at cost, respectively	(100,618)	(100,618)
Expenses prepaid with common stock	-	(13,333)

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Stock subscription receivable	(28,310)	(28,000)
Other comprehensive income	(238)	(862)
Accumulated deficit	(10,976,032)	(10,224,467)
	-----	-----
Total Stockholders' Equity	162,454	44,705
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,435,267	\$ 3,480,505
	=====	=====

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)

	For the Three Months Ended March 31,	
	2004	2003
	-----	-----
Revenue		
Consulting revenue	\$ 21,614	\$ 58,203
Rental revenue	128,147	130,509
	-----	-----
Total Revenue	149,761	188,712
	-----	-----
Cost of Revenue		
Costs associated with consulting revenue	109,272	57,091
Costs associated with rental revenue	136,949	91,789
Interest expense associated with rental revenue	55,421	85,018
	-----	-----
Total Cost of Revenue	301,642	233,898
	-----	-----
Gross Deficit	(151,881)	(45,186)
	-----	-----
Expenses		
Impairment of marketable securities	185,774	5,022
Selling, general and administrative expense	568,745	2,969
	-----	-----

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Total Expenses	754,519	7,991
	-----	-----
Loss From Operations	(906,400)	(53,177)
	-----	-----

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 (Continued)  
 (Unaudited)

	For the Three Months Ended March 31,	
	2004	2003
	-----	-----
Loss From Operations	\$ (906,400)	\$ (53,177)
	-----	-----
Other Income (Expense)		
Interest income	73	2,091
Interest expense	(2,701)	-
Other (expense) income	2,598	-
Gain on sale of subsidiary	139,270	-
Gain on settlement of debt	15,000	-
	-----	-----
Total Other Income (Expense)	154,240	2,091
	-----	-----
Loss Before Minority Interest and Income Taxes	\$ (752,160)	\$ (51,086)
	-----	-----
Minority Interest In Loss	595	4,961
	-----	-----
Net Loss Before Discontinued Operations	(751,565)	(46,125)
	-----	-----
Discontinued Operations		
Loss on discontinued operations (Note 7)	-	(44,938)
	-----	-----
Net Loss	(751,565)	(91,063)
	-----	-----
Other Comprehensive Income		
Change in marketable securities	624	9,586

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	-----	-----
Total Comprehensive Loss	\$ (750,941)	\$ (81,477)
	=====	=====

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

	For the Three Months Ended March 31,	
	----- 2004	----- 2003
	-----	-----
Basic And Diluted Loss Per Weighted Average Common Share:		
Loss per common share before minority interest	\$ (0.00)	\$ (0.00)
Minority interest in loss per common share	-	-
	-----	-----
Net loss per common share before discontinued operations	(0.00)	(0.00)
Loss per common share on discontinued operations	(0.00)	(0.00)
	-----	-----
Net Loss per common share	\$ (0.00)	\$ (0.00)
	=====	=====
Weighted average common shares outstanding, basic and diluted	412,396,533	311,297,204
	=====	=====

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

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES  
 Consolidated Statements of Stockholders' Equity

Common Stock	Additional Paid-in	Treasury	Stock Subscription	Expenses Prepaid with Compr	Ot
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	Shares	Amount	Capital	Stock	Receivable	Common Stock	Income
	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 2002	310,352,760	\$ 310,353	\$ 9,647,273	\$ (107,741)	\$ (107,800)	\$ -	\$ -
Common stock issued for loan fee	5,000,000	5,000	45,000	-	-	-	-
Disposition of treasury stock and stock subscription due to sale of subsidiary	-	-	-	7,123	107,800	-	-
Common stock issued for services	8,000,000	8,000	11,000	-	-	-	-
Common stock issued for Bonus	17,550,000	17,500	210,600	-	-	-	-
Common stock issued for services and prepaid services	2,000,000	2,000	38,000	-	-	(13,333)	-
Common stock issued for stock option exercise to employees	5,600,000	5,600	50,400	-	(28,000)	-	-
Intrinsic value of stock options issued to employees	-	-	49,600	-	-	-	-
Beneficial conversion feature on convertible debentures	-	-	11,609	-	-	-	-
Adjustment for marketable securities	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2003	-	-	-	-	-	-	-
Balance, December 31, 2003	348,502,760	\$ 348,503	\$ 10,063,482	\$ (100,618)	\$ (28,000)	\$ (13,333)	\$ -

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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 Statements of Stockholders' Equity (Continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Stock Subscription Receivable	Expenses Prepaid with Common Stock	Other Compr
Balance, December 31, 2003	348,502,760	\$ 348,503	\$ 10,063,482	\$ (100,618)	\$ (28,000)	\$ (13,333)	\$
Cancellation of common stock for subscription receivable (Unaudited)	(700,000)	(700)	(6,300)	-	7,000	-	-
Common stock issued for services (Unaudited)	31,083,334	31,083	122,184	-	-	-	-
Common stock issued to directors for services (Unaudited)	40,000,000	40,000	440,000	-	-	-	-
Common stock issued for stock option exercise to consultants (Unaudited)	18,000,000	18,000	18,000	-	-	-	-
Common stock issued for stock option exercise to employees (Unaudited)	37,000,000	37,000	32,000	-	(28,310)	-	-
Intrinsic value of stock options issued to employees (Unaudited)	-	-	124,400	-	-	-	-

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Balance forward	473,886,094	\$ 473,886	\$ 10,793,766	\$(100,618)	\$ (49,310)	\$ (13,333)	\$
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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 Statements of Stockholders' Equity (Continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Stock Subscription Receivable	Expenses Prepaid with Common Stock	Ot Compr Incom
Balance Forward	473,886,094	\$ 473,886	\$ 10,793,776	\$(100,618)	\$ (49,310)	\$ (13,333)	\$
Receipt of subscriptions receivable (Unaudited)	-	-	-	-	21,000	-	-
Amortization of prepaid expenses (Unaudited)	-	-	-	-	-	13,333	-
Adjustment for marketable securities (Unaudited)	-	-	-	-	-	-	-
Net loss for the three months ended March 31, 2004 (Unaudited)	-	-	-	-	-	-	-
Balance, March 31, 2004 (Unaudited)	\$473,886,094	\$ 473,886	\$ 10,793,766	\$(100,618)	\$ (28,310)	\$ -	\$

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)

	For the Three Months Ended March 31,	
	2004	2003
<b>Cash Flows From Operating Activities</b>		
Net Loss	\$ (751,565)	\$ (91,063)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment of marketable securities	185,774	5,022
Change in minority interest	(595)	(106,335)
Depreciation and amortization	32,325	48,343
Intrinsic value of stock options issued	124,400	-
Issued common stock for services	633,267	-
Amortization of expense prepaid with common stock	13,333	-
Bad debt expense	23,566	-
Changes in operating assets and liabilities:		
Accounts and notes receivable	(78,598)	(22,535)
Prepaid expenses	(534)	12,551
Other assets	3,393	8,304
Accounts payable	(78,284)	(47,830)
Accrued liabilities	(20,222)	(535)
Deferred revenue	(37,543)	3,223
Refundable deposit	-	1,900
Net Cash Provided (used) in Operating Activities	48,717	(188,955)
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of marketable securities	-	3,089
Purchase of property, plant and equipment	(21,294)	(5,850)
Net Cash Used By Investing Activities	(21,294)	(2,761)

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

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### Consolidated Statements of Cash Flows (Continued) (Unaudited)

	For the Three Months Ended March 31,	
	2004	2003
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	\$ (48,846)	\$ (560,823)
Proceeds from issuance of long-term debt	30,000	690,000
Receipt of stock subscriptions receivable	21,000	-
Issuance of common stock for stock option exercise	76,690	-
	78,844	129,177
<b>Net Cash Provided By Financing Activities</b>	<b>78,844</b>	<b>129,177</b>
Net Increase (Decrease) In Cash	106,267	(62,359)
Cash, Beginning Of Year	94,073	108,821
	200,340	46,282
<b>Cash, End Of Year</b>	<b>200,340</b>	<b>46,282</b>
<b>Supplemental Disclosure Of Information</b>		
Cash paid during the year for interest	\$ 51,151	\$ 84,656
Cash paid during the year for income taxes	\$ -	\$ -
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b>		
Common stock issued for services	\$ 633,267	\$ -
Common stock issued for subscription receivable	\$ 28,310	\$ -
Common stock issued for loan costs	\$ -	\$ 50,000
Office equipment acquired through capital lease	\$ -	\$ 19,815

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  
March 31, 2004 and December 31, 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

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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 consolidated 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, 2003 Annual Report on Form 10-KSB. Operating results for the three months ended March 31, 2004 are not indicative of the results that may be expected for the year ending December 31, 2004.

### 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 March 31, 2004 of \$10,976,032 and a working capital deficit of \$1,191,703 at March 31, 2004 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 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.

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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Notes to the Consolidated Financial Statements (continued)  
March 31, 2004 and December 31, 2003

### NOTE 3 - MATERIAL EVENTS

During the quarter ended March 31, 2004, the Company cancelled 700,000 shares previously issued to an officer of the Company for cancellation of a stock subscription receivable in the amount of \$7,000.

During the quarter ended March 31, 2004, the Company issued 31,083,334 shares of its common stock for services to consultants and employees valued at \$153,267, or an average \$0.005 per share.

During the quarter ended March 31, 2004 the Company issued 40,000,000 shares of its common stock for services to directors of the Company valued at \$480,000, or \$0.012 per share.

During the quarter ended March 31, 2004 the Company's board of directors authorized the issuance of 18,000,000 options to purchase the Company's common stock for services rendered to consultants. The options were exercised immediately at an option price of \$0.002 per share.

During the quarter ended March 31, 2004 the Company's board of directors authorized issuance of 37,000,000 options to purchase common stock to employees for services rendered. The options were exercised immediately at an option price of \$0.002 per share for cash of \$40,690 and subscriptions receivable of \$28,310.

### NOTE 4 - RELATED PARTY TRANSACTIONS

On January 29, 2004 the Company accepted 9,100,012 shares of its own common stock held by Axia Group, Inc. (Axia), a related party, in satisfaction of all amounts due as a result of its consulting agreement. These shares are being held as treasury stock at predecessor basis of zero at March 31, 2004.

On February 20, 2004, the Company's board of directors approved the issuance to the Company's President and Chief Financial Officer, 5,100,000 shares of the Company's Series A Preferred Stock as an incentive to retaining the officer as an employee of the Company. During June 2004, the Company's board of directors rescinded the issuance of these shares of preferred stock.

During the quarter ended March 31, 2004, the Company lent Axia a total of \$33,140 in the form of cash and payment of expenses. A total of \$40,942 is due from Axia at March 31, 2004.

### NOTE 5 - OUTSTANDING STOCK OPTIONS

A summary of the status of the Company's stock option plans as of March 31, 2004 and December 31, 2003 and changes during those periods is presented below:

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
March 31, 2004 and December 31, 2003

NOTE 5 - OUTSTANDING STOCK OPTIONS (CONTINUED)

	March 31, 2004		December 31, 2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	-	\$ -	-	\$ -
Granted	55,000,000	0.002	5,600,000	0.01
Expired/ Cancelled/ Exercised	(55,000,000)	\$ 0.002	(5,600,000)	\$ 0.01
Outstanding end of period	-	\$ -	-	\$ -
Exercisable	-	\$ -	-	\$ -

The Company estimated the fair value of each stock option issued during the period at the grant date by using the Black-Scholes option pricing model based on the following assumptions:

	For the Period Ended March 31, 2004
Risk free interest rate	0.00%
Expected life	0 years
Expected volatility	0.00%
Dividend yield	0.00%

NOTE 6 - SUBSEQUENT EVENTS

During April 2004, the Company's board of directors authorized the issuance of 33,000,000 shares of the Company's common stock to four employees of the Company for services rendered.

During April 2004, the Company's board of directors authorized the issuance of 5,000,000 shares of the Company's common stock to a consultant for serviced rendered.

During May 2004, the Company's board of directors authorized the issuance of 40,000,000 options each to two consultants to purchase shares of the Company's common stock at a price of 75% of the market price on the date of exercise, 20,000,000 each, vest immediately, with the remaining vesting at a rate of 10,000,000 each per month beginning June 15, 2004.

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During June 2004, the Company's board of directors voided the issuance of 5,100,000 shares of preferred stock previously authorized to be issued to the Company's President and CEO.

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NEXIA HOLDINGS, INC. AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
March 31, 2004 and December 31, 2003

NOTE 7 - DISCONTINUED OPERATIONS

On June 30, 2003, the Company sold its interest in Wichita Development Corporation, and consequently its interest in Salt Lake Development Corporation and Wichita Properties, Inc., to Diversified Financial Resources Corporation. As a result, the operations of Wichita for the three months ended March, 31 2003 have been reflected as discontinued operations. The following is a summary of the loss from discontinued operations:

		For the three months ended March 31, 2003,
		-----
Revenue		
Rental Revenue	\$	48,732
		-----
Cost of Revenue		
Cost associated with rental revenue		49,441
Interest expense associated with rental revenue		29,105
		-----
Total Cost of Revenue		78,546
		-----
Gross Deficit		(28,814)
		-----
Expenses		
Selling, general and administrative expense		15,531
		-----
Total Expenses		15,531
		-----
Loss From Operations		(45,345)
		-----
Other Income		
Interest Income		407
		-----
Total Other Income		407

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Net Loss	\$	(44,938)
	=====	

No income tax benefit has been attributed to the loss from discontinued operations.

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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 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 business 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 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 three months ended March 31, 2004, and compares those results with the comparable period from last year.

### 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.

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Nexia recorded rental revenues of \$128,147 for the three months ended March 31, 2004, as compared to \$130,509 for the same period in 2003. The decrease in rental revenues was due to a decrease in occupancy rates in the Glendale shopping center.

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Nexia had a loss from real estate operations of \$64,223 for the three months ended March 31, 2004, compared to a loss of \$46,298 for the same period in 2003. 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 various 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 EDGAR filings.

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.

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Revenues from Nexia's financial consulting operations decreased for the quarter ended March 31, 2004, as compared to the comparable period in 2003. Nexia recorded \$21,614 in revenues for the three months ended March 31, 2004, from its financial consulting operations as compared to \$58,203 for the same period of 2003. Nexia experienced a loss from consulting operations of \$87,658 for the three months ended March 31, 2004 as compared to a gain of \$1,112 for the three months ended March 31, 2003.

### Company Operations as a Whole

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### Revenues

Gross revenues for the three month period ended March 31, 2004, was \$149,761 as compared to \$188,712 for the same period in 2003. The change in three month revenues of \$38,951 is due to the issues stated above.

### Losses

Nexia recorded operating losses of \$151,881 for the three month period, ended March 31, 2004, compared to losses of \$45,186 for the comparable period in the year 2003.

Nexia recorded net losses of \$751,565 for the three months ended March 31, 2004, as compared to net losses of \$91,063 for the same period in the previous year. The increase in losses is attributable primarily to an increase in expenses as a result of issuing shares of common stock for services rendered.

Nexia does not expect to operate at a profit through fiscal 2004. 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 months ended March 31, 2003, were \$568,745, compared to \$2,969 for the same period in 2003. The increase in expenses is due primarily to increase in non-cash directors fees of \$480,000 and \$73,000 in legal and accounting fees. The Company issued 10,000,000 shares of restricted stock to each director as fees.

Depreciation and amortization expenses for the three months ended March 31, 2004 and March 31, 2003, were \$32,325 and \$48,343, respectively. This change was due primarily to the sale of properties by Company.

### Capital Resources and Liquidity

On March 31, 2004, Nexia had current assets of \$352,046 and \$3,435,267 in total assets. Nexia had a net working capital deficit of \$1,191,703 at March 31, 2004. The working capital deficit is due primarily to mortgages, which may come due in the next twelve months and are thus considered as current liabilities.

Net cash provided by operating activities was \$48,717 for the three months ended March 31, 2004, compared to net cash used in operating activities of

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\$188,955 for the three months ended March 31, 2003.

Cash used by investing activities was \$21,294 for the three months ended March 31, 2004, compared to cash flow used by investing activities of \$2,761 for the same period in 2003.

Cash provided by financing activities was \$78,844 for the three months ended March 31, 2003, compared to \$129,177 for the three months ended March 31, 2003.

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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 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.

### Stock and Options To Employees and Contractors

During the quarter ending March 31, 2004, Nexia's subsidiary, Hudson Consulting Group, Inc., has continued a policy of limited cash payments to its employees and relied primarily on the issuance of common stock registered under the Company's S-8 Registration Statement for employee compensation.

### 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.

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### Property Taxes

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

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There were no significant changes made in Nexia's internal controls or in other factors that could significantly affect Nexia's 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.

## PART II-OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Since the filing of Nexia's 10-KSB for the period ended December 31, 2003 no material changes have occurred to the legal proceedings reported therein. For more information please see Nexia's Form 10-KSB for the year ended December 31, 2003, filed May 19, 2004.

### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

During the quarter ending March 31, 2004, a majority of the holders of voting rights in the stock of Nexia approved an amendment to the Article of Incorporation to increase the number of authorized shares of common stock to Ten Billion (10,000,000,000). The number of authorized shares of preferred stock remained at Fifty Million (50,000,000). A certificate of amendment to carry out this change was filed with the Nevada Secretary of State on March 29, 2004. Additional information can be found by referring to the Schedule 14(c) information statement filed on March 5, 2004.

On January, 29, 2004, the Company's board of directors approved the delivery to each of the four directors 10,000,000 restricted shares of the Company's common stock for services rendered to the Company as directors. The shares were issued pursuant to section 4(2) of the Securities Act of 1933.

### ITEM 5. OTHER INFORMATION

On January 6, 2004, the Company's board of directors authorized the issuance of 2,400,000 shares of the Company's common stock to Barry Monk, a consultant to the Company who has provided services to the Company, the shares were issued pursuant to the S-8 Registration Statement of the Company.

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On January 16, 2004, the Company's board of directors authorized the issuance of 9,100,000 shares of the Company's common stock to seven individual employees who had provided bona fide services to the Company, the shares were authorized pursuant to the S-8 Registration Statement of the Company.

On February 13, 2004, the Company's board of directors authorized the issuance of 25,000,000 options for the Company's common stock to five individual employees who had provided bona fide services to the Company, the options for shares were authorized pursuant to the S-8 Registration Statement of the Company, each good for the purchase of shares at an option price of \$0.002 per share.

On February 13, 2004, the Company's board of directors authorized the issuance of 5,000,000 options for the Company's common stock to Barry Monk, an individual who has provided construction services to the Company, the options for shares were authorized pursuant to the S-8 Registration Statement of the Company, each good for the purchase of shares at an option price of \$0.002 per share.

On February 20, 2004, the Company's board of directors authorized the issuance of 5,000,000 options for the Company's common stock to Barry Monk, an individual who has provided construction services to the Company, the options for shares were authorized pursuant to the S-8 Registration Statement of the Company each good for the purchase of shares at an option price of \$0.002 per shares.

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On March 4, 2004, the Company's board of directors authorized the issuance of 6,000,000 options for the Company's common stock to Josh Vance, a real estate professional that has provided services related to the leasing of real property held by the Company's subsidiaries, the options for shares were authorized pursuant to the S-8 Registration Statement of the Company, each good for the purchase of shares at an option price of \$0.002 per share.

On March 9, 2004, the Company's board of directors authorized the issuance of 13,333,334 shares of Company's common stock to Mark Low, an accountant that has provided tax advisory services for the Company, pursuant to the S-8 Registration Statement of the Company.

On March 9, 2004, the Company's board of directors authorized the issuance of 250,000 shares of the Company's common stock, pursuant to the S-8 Registration Statement of the Company and 2,000,000 options for the Company's common stock to Donald Decker, a computer specialist and web site designer, pursuant to the S-8 Registration Statement of the Company, each good for the purchase of shares at an option price of \$0.002 per share, a lower option price of \$0.001 per share was later approved by the Board and

On March 9, 2004, the Company's board of directors authorized the issuance of 6,000,000 shares and the issuance of 12,000,000 options to Ernie Burch, an employee of the Company and for services provided with regard to improvements and maintenance to be performed on real estate held by Wasatch Capital Corporation, a subsidiary of the Company, the shares and the options were authorized pursuant to the S-8 Registration Statement of the Company, each option is good for the purchase of shares at an option price of \$0.002 per share, a lower option price of \$0.001 per shares was later approved by the Board.

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On April 8, 2004, the Company's board of directors authorized the issuance of 33,000,000 shares of the Company's common stock to 4 employees (Frank Adams, Michael Golightly, Sandra Jorgensen and Brittany Stevens) of the Company for services rendered to the Company, the shares were authorized pursuant to the S-8 Registration Statement of the Company. Accounting, legal, filing, secretarial, amounts payable and receivable, and other services were provided by these individuals.

On April 8, 2004, the Company's board of directors authorized the issuance of 5,000,000 shares of the Company's common stock to Ronald Friedman for services rendered to the Company and as additional compensation for assisting with financing for the Company, the shares have not yet been issued but will be issued with a restrictive legend and issued pursuant to Section 4(2) of the Securities Act of 1933 in a private transaction.

On May 18, 2004, the Company's board of directors approved an agreement to grant to Felix Correa options to purchase 40,000,000 shares of the Company's common stock at an option price equal to 75% of the market price at the time of exercise. The agreement provided that 20,000,000 of the options vested immediately and remaining options will vest at the rate of 10,000,000 per month. Mr. Correa has agreed to provide services related to the improvement and maintenance of the Glendale Shopping Center a real estate investment held by West Jordan Real Estate Holdings, Inc. a subsidiary of the Company.

On May 19, 2004, the Company's board of directors approved an agreement to grant to Tim Hall option to purchase 40,000,000 shares of the Company's common stock at an option price equal to 75% of the market price at the time of exercise. The agreement provided that 20,000,000 of the options vested immediately and the remaining options will vest at the rate of 10,000,000 per month. Mr. Hall has agreed to provide services related to improvements of the Wallace Bennett Building, a real estate investment held by Wasatch Capital Corporation, a subsidiary of the Company.

On May 21, 2004 the Company, as authorized by the board of directors, filed an amendment to its S-8 Registration Statement increasing the number of shares registered by 500,000,000. The total number of shares now registered pursuant to the S-8 Registration Statement and the 2004 Benefit Plan of the Company is 650,000,000.

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### ITEM 6. EXHIBITS

- (a) Exhibits Exhibits required to be attached by Item 601 of Regulation S-B  
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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 one Form 8-K report.
- (1) On February 26, 2004, the Company filed a Form 8-K announcing that the Company had approved the issuance of 5,100,000 shares of its Series A Preferred Stock to Richard Surber, president of the Company, to retain his services as the president and a director of the Company.

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## 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 16th day of June 2004.

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Nexia Holdings, Inc.

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(iv)	*	February 1, 2004 Stock Option Agreement between Nexia Holdings, Inc. (the "Company") and Frank Adams issuing 1,300,000 shares of Company common stock, par value \$0.001 at a price of \$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).
10(v)	*	February 1, 2004 Stock Option Agreement between the Company and Ernie Burch issuing 1,300,000 shares of Company common stock, par value \$0.001 at a price of \$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).
10(vi)	*	February 1, 2004 Stock Option Agreement between the Company and Jared Gold issuing 1,300,000 shares of Company common stock, par value \$0.001 at the price of

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\$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(vii) \* February 1, 2004 Stock Option Agreement between the Company and Michael Golightly issuing 1,300,000 shares of Company common stock, par value \$0.001 at a price of \$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(viii) \* February 1, 2004 Stock Option Agreement between the Company and Sandra Jorgensen issuing 1,300,000 shares of Company common stock, par value \$0.001 at the price of \$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

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10(ix) \* February 1, 2004 Stock Option Agreement between the Company and Jose R. Prado issuing 1,300,000 shares of Company common stock, par value \$0.001 at the price of \$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(x) \* February 1, 2004 Stock Option Agreement between the Company and David Witesman issuing 1,300,000 shares of Company common stock, par value \$0.001 at the price of \$0.006 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(xi) \* February 13, 2004 Stock Option Agreement between the Company and Frank Adams issuing 5,000,000 shares of Company common stock, par value \$0.001 at a price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(xii) \* February 13, 2004 Stock Option Agreement between the Company and Ernie Burch issuing 5,000,000 shares of Company common stock, par value \$0.001 at a price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(xiii) \* February 13, 2004 Stock Option Agreement between the Company and Michael Golightly issuing 5,000,000 shares of Company common stock, par value \$0.001 at the price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(xiv) \* February 13, 2004 Stock Option Agreement between the Company and Sandra Jorgensen issuing 5,000,000 shares of Company common stock, par value \$0.001 at the price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

10(xv) \* February 13, 2004 Stock Option Agreement between the Company and Barry Monk issuing 10,000,000 shares of Company common stock, par value \$0.001 at the price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

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- 10(xvi) \* February 13, 2004 Stock Option Agreement between the Company and Jose R. Prado issuing 5,000,000 shares of Company common stock, par value \$0.001 at the price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).
- 10(xvii) \* March 9, 2004 Stock Option Agreement between the Company and Ernie Burch issuing 12,000,000 shares of Company common stock, par value \$0.001 at a price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).
- 10(xviii) \* March 9, 2004 Stock Option Agreement between the Company and Donald Decker issuing 2,000,000 shares of Company common stock, par value \$0.001 at a price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).

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- 10(xix) \* March 9, 2004 Stock Option Agreement between the Company and Josh Vance issuing 6,000,000 shares of Company common stock, par value \$0.001 at the price of \$0.002 per option (incorporated herein by reference from the December 31, 2003 10-KSB).
- 10(xx) 15 May 19, 2004 Stock Option Agreement between the Company and Felix Correa granting 40,000,000 options with a floating option price set at 75% of the market price at the time of exercise, 20,000,000 options vest upon signing and 10,000,000 per month thereafter.
- 10(xxi) 17 May 19, 2004 Stock Option Agreement between the Company and Tim Hall granting 40,000,000 options with a floating option price set at 75% of the market price at the time of exercise, 20,000,000 options vest upon signing and 10,000,000 per month thereafter.
- 10(xxii) 19 May 17, 2004 Contractor Agreement between the Company and Hallmark Construction for the amount of \$189,194.63 for construction services at Wallace-Bennett building.
- 14.1 \* Draft of Code of Ethics for Nexia Holdings, Inc. (incorporated herein by reference from the December 31, 2003 10-KSB).

### Certifications

- 31(i) 13 CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.
- 32(i) 14 CERTIFICATION PURSUANT TO 18 U.S.C.ss.1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

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\* 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):

(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: June 15, 2004

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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.

Richard Surber  
Chief Executive and Financial Officer  
June 15, 2004

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Exhibit 10(xx)

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Stock Option Agreement") is granted effective this 19th day of May 2004 by Nexia Holdings, Inc. (the "Company") to Felix Correa, an individual providing services to the Company ("Optionee") and a Utah resident.

PREMISES

(f) The Company has received valuable services from Optionee in the past and desires to compensate Optionee for these services by issuing Optionee an option (the "Option") to purchase a total of Forty Million (40,000,000), shares of the Company's common stock, par value \$0.001, the options will have a floating option price set at 75% of the market price at the time of exercise, the options and shares issued subject to the options shall be issued pursuant to a registration statement on Form S-8 under the Securities Act of 1933 as amended ("Form S-8").

(g) Optionee hereby agrees that in exchange for the grant of the

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options set forth herein that he will build out at least 10,000 square feet of rentable space at the Glendale Plaza Shopping Center, these services will include but not be limited to, subdividing spaces, splitting electrical and plumbing services, erecting new walls, building and designing common area hallways and other services as requested by the property manager for the site.

### GRANT

1. Grant of Options. The Company hereby grants Optionee the right and option ("Option") to purchase the above described Forty Million (40,000,000) shares of Common Stock, on the terms and conditions set forth herein and subject to the provisions of the Form S-8 registration statement in exchange for services provided by Employee to the Company, 20,000,000 options shall vest immediately upon the exercise hereof and thereafter 10,000,000 additional options shall vest on the 15th of the month until all option rights have vested in the Optionee, however Optionee shall not be allowed to exercise any option rights that would result in Optionee holding more than 4.9% of the total issued and outstanding shares of the Company..
2. Term of Option. This Option may be exercised, in whole or in part, at any time but before one (1) Year has elapsed from the date of this Option, except as limited above by vesting rights. All rights to exercise this option end with the termination of services with the Company, for any reason and by any party.
3. Method of Exercising. This Option may be exercised in accordance with all the terms and conditions set forth in this Option, by delivery of a notice of exercise a form of which is attached hereto as Exhibit "A" and incorporated herein by this reference, setting forth the number of Options along with a signed letter of instruction to the stock broker Optionee will employ in selling the shares indicating that the specified exercise price shall be paid within 10 days of the sale or as otherwise specified at the time of exercise.

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4. Optionee Not an Affiliate. Optionee hereby represents, warrants and covenants that he is not an affiliate of the Company as that term is defined in Rule 144(a)(1) under the Securities Act of 1933.
5. Availability of Shares. During the term of this Option, the Company shall reserve for issuance the number of shares of Common Stock required to satisfy this Option.
6. Adjustments to Number of Shares. The number of shares of Common Stock subject to this Option shall be adjusted to take into account any stock splits, stock dividends, recapitalization of the Common Stock as provided in the Stock Option Plan.
7. Limitation on Exercise. If the board of directors of the Company, in its sole discretion, shall determine that it is

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necessary or desirable to list, register, or qualify the Common Stock under any state or federal law, this Option may not be exercised, in whole or part, until such listing, registration, or qualification shall have been obtained free of any conditions not acceptable to the board of directors.

- 8. Restrictions on Transfer. The Option has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities statutes. The shares of Common Stock issuable on exercise of the Option will be qualified for registration under a Form S-8 Registration Statement filed with the Securities and Exchange Commission.
- 9. Record Owner. The Company may deem the Optionee as the absolute owner of this Option for all purposes. This Option is exercisable only by the Optionee, or by the Optionee's duly designated appointed representative. This Option is not assignable.
- 10. Shareholder's Rights. The Optionee shall have shareholder rights with respect to the Option shares only when Optionee has exercised this Option to purchase those shares and provided the Company with the letter of instruction specified in Section 4 of this Option.
- 11. Validity and Construction. The validity and construction of this Agreement shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the below signatures evidence the execution of this Option by the parties on the date first appearing herein.

OPTIONEE

Nexia Holdings, Inc.

/s/ Felix Correa

/s/ Richard Surber

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Felix Correa, Optionee

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Richard Surber, President

Exhibit 10(xxi)

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Stock Option Agreement") is granted effective this 19th day of May 2004 by Nexia Holdings, Inc. (the "Company") to Tim Hall, an individual providing services to the Company ("Optionee") and a Utah resident.

PREMISES

- (h) The Company has received valuable services from Optionee in the past and desires to compensate Optionee for these services by issuing Optionee an option (the "Option") to purchase a

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total of Forty Million (40,000,000), shares of the Company's common stock, par value \$0.001, the options will have a floating option price set at 75% of the market price at the time of exercise, the options and shares issued subject to the options shall be issued pursuant to a registration statement on Form S-8 under the Securities Act of 1933 as amended ("Form S-8").

- (i) Optionee hereby agrees that in exchange for the grant of the options set forth herein that he will sign a contract that provides for the renovation of approximately 3,700 square feet of commercial space located on the second floor of the Wallace Building, located on 100 South in Salt Lake City, these renovations will include new plumbing, windows, heating, venting, air conditioning, electrical work, painting, new flooring, roof repair, installation of fire escapes, and other items as shall be specified in the contract.

### GRANT

1. Grant of Options. The Company hereby grants Optionee the right and option ("Option") to purchase the above described Forty Million (40,000,000) shares of Common Stock, on the terms and conditions set forth herein and subject to the provisions of the Form S-8 registration statement in exchange for services provided by Employee to the Company, 20,000,000 options shall vest immediately upon the exercise hereof and thereafter 10,000,000 additional options shall vest on the 15th of the month until all option rights have vested in the Optionee, however Optionee shall not be allowed to exercise any option rights that would result in Optionee holding more than 4.9% of the total issued and outstanding shares of the Company..
2. Term of Option. This Option may be exercised, in whole or in part, at any time but before one (1) Year has elapsed from the date of this Option, except as limited above by vesting rights. All rights to exercise this option end with the termination of services with the Company, for any reason and by any party.
3. Method of Exercising. This Option may be exercised in accordance with all the terms and conditions set forth in this Option, by delivery of a notice of exercise a form of which is attached hereto as Exhibit "A" and incorporated herein by this reference, setting forth the number of Options along with a signed letter of instruction to the stock broker Optionee will employ in selling the shares indicating that the specified exercise price shall be paid within 10 days of the sale or as otherwise specified at the time of exercise.

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4. Optionee Not an Affiliate. Optionee hereby represents, warrants and covenants that he is not an affiliate of the Company as that term is defined in Rule 144(a)(1) under the Securities Act of 1933.
5. Availability of Shares. During the term of this Option, the

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Company shall reserve for issuance the number of shares of Common Stock required to satisfy this Option.

- 6. Adjustments to Number of Shares. The number of shares of Common Stock subject to this Option shall be adjusted to take into account any stock splits, stock dividends, recapitalization of the Common Stock as provided in the Stock Option Plan.
- 7. Limitation on Exercise. If the board of directors of the Company, in its sole discretion, shall determine that it is necessary or desirable to list, register, or qualify the Common Stock under any state or federal law, this Option may not be exercised, in whole or part, until such listing, registration, or qualification shall have been obtained free of any conditions not acceptable to the board of directors.
- 8. Restrictions on Transfer. The Option has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities statutes. The shares of Common Stock issuable on exercise of the Option will be qualified for registration under a Form S-8 Registration Statement filed with the Securities and Exchange Commission.
- 9. Record Owner. The Company may deem the Optionee as the absolute owner of this Option for all purposes. This Option is exercisable only by the Optionee, or by the Optionee's duly designated appointed representative. This Option is not assignable.
- 10. Shareholder's Rights. The Optionee shall have shareholder rights with respect to the Option shares only when Optionee has exercised this Option to purchase those shares and provided the Company with the letter of instruction specified in Section 4 of this Option.
- 11. Validity and Construction. The validity and construction of this Agreement shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the below signatures evidence the execution of this Option by the parties on the date first appearing herein.

OPTIONEE

Nexia Holdings, Inc.

/s/ Tim Hall

/s/ Richard Surber

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Tim Hall, Optionee

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Richard Surber, President

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Construction & Development, hereinafter called the Contractor, and Wasatch Capital Corporation hereinafter called the Owner.

WITNESSETH, that the Contractor and the Owner for the consideration named herein agree as follows.

### ARTICLE 1. SCOPE OF THE WORK

The Contractor shall furnish all the materials and perform all of the work shown on the drawings and/or described in the specification entitled Exhibit A, as annexed hereto as it pertains to work to be performed on property located at:

### ARTICLE 2. TIME OF COMPLETION

The work to be performed under this Contract shall be commenced on or before May 20, 2004 and shall be substantially completed on or before July 20, 2004, Time is of the essence.

### ARTICLE 3. THE CONTRACT PRICE

The Owner shall pay the Contractor for the material and labor to be performed under the Contract the sum of \$189194.63 Dollars (\$), subject to additions and deductions pursuant to authorized change orders.

### ARTICLE 4. PROGRESS PAYMENTS

Payments of the Contract price shall be paid in the manner following: Labor thru Finance 500 account Balance bi-weekly due to short term of project

### ARTICLE 5. GENERAL PROVISIONS

1. All work shall be completed in a workmanship like manner and in compliance with all building codes and other applicable laws.
2. To the extent required by law all work shall be performed by individuals duly licensed and authorized by law to perform said work.
3. Contractor may at its discretion engage subcontractors to perform work hereunder, provided Contractor shall fully pay said subcontractor and in all instances remain responsible for the proper completion of this contract.
4. Contractor shall furnish Owner appropriate releases or waivers of lien for all work performed or materials provided at the time the next periodic payment shall be due.
5. All change orders shall be in writing and signed by both Owner and Contractor.
6. Contractor warrants it is adequately insured for injury to its employees and others

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- incurring loss or injury as a result of the acts of Contractor or its employees and subcontractors.
7. Contractor shall at its own expense obtain all permits necessary for the work to be performed.
  8. Contractor agrees to remove all debris and leave the premises in broom clean condition.
  9. In the event Owner shall fail to pay any periodic or installment payment due hereunder, Contractor may cease work without breach pending payment or resolution of any dispute.
  10. All disputes hereunder shall be resolved by binding arbitration in

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- accordance with the rules of the American Arbitration Association.
11. Contractor shall not be liable for any delay due to circumstances beyond its control including strikes, casualty or general unavailability of materials.
  12. Contractor warrants all work for a period of 12 months following completion.

ARTICLE 6. OTHER TERMS

Signed this 5th day fo May, 2004

Signed in the presence of

/s/ Witness

By: /s/ Tim Hall  
Contractor

/s/ Witness

By: /s/ Richard Surber  
Owner