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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 June 30, 2003 and the related unaudited consolidated statements of operations and cash flows for the three and six months ended June 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)

June 30, 2003

ASSETS

Current Assets			
Cash	\$	31,869	
Restricted cash		202,921	
Accounts receivable - trade, net of allowance of \$34,121		41,783	
Accounts and notes receivable - related parties		208,128	
Prepaid expenses		17,462	
Notes receivable - current		255,000	
Securities available for sale		271,974	
Total Current Assets		1,029,137	-----
 Fixed Assets			
Property and equipment, net		2,652,586	
Land		699,241	
Total Fixed Assets		3,351,827	-----
 Other Assets			
Loan Costs, net		101,673	
Total Other Assets		101,673	-----
 TOTAL ASSETS	\$	4,482,637	=====

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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)

June 30, 2003

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Current Liabilities

Accounts payable
 Accrued liabilities
 Unearned rent
 WVDEP liability
 Deferred revenue
 Refundable deposit
 Deferred gain on sale of subsidiary
 Current portion long-term debt
 Total Current Liabilities

\$

1

Long-Term Liabilities

Notes and mortgages payable
 Total Long-Term Liabilities

2

2

TOTAL LIABILITIES

3

MINORITY INTEREST

STOCKHOLDERS' EQUITY

Preferred stock - 20,000,000 shares authorized at \$0.001 par, no
 shares issued
 Common stock - 1,000,000,000 shares authorized at \$0.001 par;
 315,352,760 shares issued and outstanding
 Paid-in capital
 Treasury stock - 22,198,540 shares at cost,
 Unrealized gain on securities available for sale
 Accumulated deficit

9

(9)

TOTAL STOCKHOLDERS' EQUITY

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$

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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 Operations and Other Comprehensive Income (Loss)
 (Unaudited)

	Three Months Ended June 30	
	2003	2002
Revenue		(Restated)
Consulting revenue	\$ 52,630	\$ 20,996
Rental revenue	122,306	119,224
Total Revenue	174,936	140,220
Costs of Revenue		
Costs associated with consulting revenue	47,279	6,266
Costs associated with rental revenue	60,707	76,965
Interest associated with rental revenue	75,636	51,849
Total Costs of Revenue	183,622	135,080
Gross Profit (Deficit)		
Gross profit (deficit) from consulting operations	5,351	14,730
Gross profit (deficit) from real estate operations	(14,037)	(9,590)
Gross Profit (Deficit)	(8,686)	5,140
Expenses		
General & administrative expense	20,436	83,578
Impairment of marketable securities	-	-
Total Expenses	20,436	83,578
Operating Loss	(29,122)	(78,438)
Other Income (Expense)		
Interest income (expense)	(11)	525
Gain (loss) on sale of property and equipment	(9,959)	-
Gain on sale of subsidiaries	279,268	-
Gain (loss) on sale of marketable securities	(27,613)	(78,225)
Other income	42,854	(60,946)
Total Other Income (Expense)	284,539	(138,646)
Income (Loss) Before Minority Interest	255,417	(217,084)
Minority Interest in Gain	16,054	21,492
Net Income (Loss) Before Discontinued Operations	271,471	(195,592)

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Gain (loss) from discontinued operations	(61,557)	(43,191)
Net Income (Loss)	209,914	(238,783)
Other Comprehensive Income (loss)		
Change in unrealized holding loss	3,899	491,943
Total Comprehensive Income (Loss)	\$ 213,813	\$ 253,160
Net (Income) Loss Per Common Share, basic and diluted		
Income (Loss) before minority interest	\$ 0.00	(0.00)\$
Minority interest in loss	0.00	(0.00)
Income (Loss) before discontinued operations	0.00	(0.00)
Income (Loss) on discontinued operations	(0.00)	(0.00)
Net income (loss) per weighted average common share outstanding	\$ 0.00	(0.00)\$
Weighted average shares outstanding - basic & diluted	289,098,664	310,303,000

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)

	Six Months Ended
	June 30, 2003
Cash Flows From Operating Activities	
Net Income (loss)	\$ 118,851
Adjustments to reconcile net loss to net cash used in operating activities:	
Loss from discontinued operations	83,611
Loss from sale of investments	27,613
(Gain) loss from sale of property and equipment	9,959
(Gain) loss from sale of subsidiaries	(279,268)
Impairment of marketable securities	5,022
Change in minority interest	(209,961)
Depreciation	70,484
Issued common stock for services	-
Changes in operating assets and liabilities:	
Increase in restricted cash	(202,921)
Accounts and notes receivable	64,553
Related party receivables	(55,198)
Prepaid expenses	6,038

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Other assets	(6,470)
Accounts & notes payable	(32,474)
Unearned rent	(30,168)
Deferred revenue	9,099
Refundable deposit	10,083
Accrued liabilities	7,383

Net Cash Used by Operating Activities	(403,764)
Cash Flows From Investing Activities	
Proceeds on sale of securities	8,847
Purchase of property and equipment	(7,850)
Proceeds from sale of property and equipment	-
Net cash received (distributed) in acquisition (sale) transaction	(15,351)
Purchase of marketable securities	-

Net Cash Provided (Used) by Investing Activities	(14,354)
Cash Flows from Financing Activities	
Proceeds from long term debt	968,675
Principal payments on notes and mortgages payable	(627,509)
Purchases of treasury stock	-

Net Cash Provided by Financing Activities	341,166

Increase (Decrease) in Cash	(76,952)
Cash at Beginning of Period	108,821

Cash at End of Period	\$ 31,869
	=====
Supplemental Disclosures	
Interest paid in cash	\$ 134,320
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

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
June 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

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have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim consolidated financial statements include 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 six months ended June 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 June 30, 2003 of \$9,203,791 at June 30, 2003 and a working capital deficit of \$249,020 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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NOTE 3 - MATERIAL EVENTS

During April 2003, Hudson Consulting (Hudson), a subsidiary of the Company, entered into an agreement to sell its interest in Unit A216 of the Brian Head North Condominiums in Iron County, Utah to a related party. According to the agreement, Hudson will receive \$1,000 in cash and is relieved of all obligations and liabilities relating to the property. The Company recognized a loss on sale of \$10,660.

On May 9, 2003, Wasatch Capital Corporation (Wasatch) refinanced the underlying debt associated with certain land and real property. The new debt obligation is for \$850,000 with an interest rate of 7.5%, with monthly installment payments of \$6,848 through May 10, 2006 at which time the remaining unpaid balance is due and payable in full. \$647,079 of this amount was disbursed at closing, with the remaining \$202,921 held in reserve (shown as restricted cash on the balance sheet) for purposes of future improvements or other uses as Wasatch deems appropriate. Interest will only accrue on the amount that has actually been disbursed to Wasatch. This debt obligation is secured by a first trust deed on the land and building and is personally guaranteed by the president of the Company. Proceeds from this refinancing were used to retire the previous debt associated with the land and real property having an outstanding balance of \$591,155 at March 31, 2003, as well as property taxes owed to Salt Lake County in the amount of \$8,700.

On May 15, 2003, Hudson entered into an agreement to sell an automobile in exchange for the assumption of the monthly payments by the buyer and the release of Hudson of all obligations and liabilities relating to the vehicle. The Company recognized a gain on sale of \$701.

During May 2003, Hudson entered into a one-year Consulting Agreement with Axia Group, Inc. (Axia), a related party. The agreement calls for Axia to issue of 666,667 shares of common stock and pay \$10,000 per month or hourly billings on a monthly basis, whichever is greater.

During May 2003, Hudson also entered into a one-year Consulting Agreement with Diversified Financial Resources Corporation (DFRC). The agreement calls for payment of \$7,500 or the total amount of hourly billings, whichever is greater, on a monthly basis to Hudson.

On June 19, 2003, in an inter-company tax free transaction, Wichita Development Corporation (Wichita), a subsidiary of the Company, exchanged its shareholdings in Kearns Development Corporation (Kearns) for the Diversified Holdings I, Inc. (DHI) shareholdings in Salt Lake Development Corporation (SLDC). (DHI, Kearns and SLDC were all subsidiaries of Nexia at the time of the restructuring. See Item 1 Description of Business in the December 31, 2002 NXIA Form 10KSB for a diagram of the corporate structure of the Company).

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

On June 30, 2003, the Company sold its interest in Wichita to DFRC. The terms of the agreement are as follows:

- a) Wichita assigns to DH1 a promissory note in the amount of \$14,056.
- b) Wichita waives the \$112,517 receivable owed to it by Kearns.
- c) Nexia waives the \$1,565 receivable owed to it by Wichita, and DH1 waives the receivable owed to it by SLDC.
- d) Wichita issues to DH1 a promissory note in the amount of \$150,000.
- e) DFRC transfers to DH1 1,148,251 shares of its restricted common stock with a guaranteed liquidation value of not less than \$1 per share. Although DFRC shares currently have a market price of approximately \$2.70/share, the shares have been assigned a value of \$0.19/share due to concerns about the liquidity of the DFRC shares.

The Company recognized a gain on sale of \$279,268.

NOTE 4 - SUBSEQUENT EVENTS

During July 2003, 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 \$8,000.

On July 21, 2003, the Company issued 10,200,000 shares of S-8 common stock to outside parties for services rendered.

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 pattern, 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.

During August, 2003, the Company signed a 6 month contract with Company Reporter Inc. for investor relations services in exchange for 3,000,000 shares of its restricted common stock. Company Reporter, Inc. is a full service investor relations firm specializing in growth stocks.

NOTE 5 - RESTATEMENT OF PRIOR PERIOD RESULTS

The amounts reflected in the statement of operations and statement of cash flows for the period ended June 30, 2002 have been restated to account for the merger transaction between Nexia and Axia that occurred on February 28, 2002, as a reverse acquisition. The transaction was previously accounted for as a merger between entities under common control. As such, the

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

operations and cash flows previously included those of Nexia for the six months ended June 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 28, 2002, through June 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 June 30, 2002 and those of Nexia from the date of acquisition, February 28, 2002, through June 30, 2002. The table below reflects the change in revenues, net loss, and net loss per share due to this restatement .

	Six Months Ended June 30, 2002	
	(Restated)	(Originally Reported)
Revenues	\$ 442,637	\$ 337,359
Net loss	\$ (562,609)	\$ (413,829)
Net loss per share	\$ (.00)	\$ (.00)

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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 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/A 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

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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 six months ended June 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 June 30, 2002 have been restated to account for the merger transaction between Nexia and Axia that occurred on February 28, 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.

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On June 30, 2003 Nexia sold its interest in Wichita Development Corporation (Wichita) and its subsidiaries Salt Lake Development Corporation and Wichita Properties to Diversified Financial Resource Corporation ("DFRC").

The provisions of the agreement provide that Nexia transfer to DFRC 100% of all shares that Nexia held in Wichita (86,795,794) in exchange for among other things, a promissory note in the sum of \$150,000 and 1,148,251 restricted shares of the common stock of DFRC with a guaranteed resale value of \$1.00 per share, whereby, within 36 months of the sale, DFRC is bound to issue sufficient additional shares such that the total value at liquidation will equal \$1,000,000. The number of Wichita common shares transferred to DFRC is approximately 83% of the issued and outstanding shares of Wichita. Control of Wichita includes the ownership of Salt Lake Development Corporation, a subsidiary corporation of Wichita.

Wichita holds title to The Trade Center Building. The building was purchased for \$540,554 on August 30, 2000. The Trade Center Building, which opened in 1921, is

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located in the downtown business district of Wichita, Kansas, at 120 South Market Street, Wichita, Kansas. The building is a 48,500 square foot, seven story office building. Wichita holds title to the property subject to a mortgage of \$280,145 at June 30, 2003. The taxed assessed value of the building is \$600,000.

Salt Lake Development Corporation owns two buildings. The first is located at 268 West 400 South in Salt Lake City, Utah. The building is two stories with 14,347 net rentable square feet of office space. Salt Lake Development purchased the property on March 6, 1998, by exercising its option to purchase the property through the payment of \$418,762. Salt Lake Development financed the purchase price and borrowed an additional sum of \$222,489, which is secured by the property. At June 30, 2003, the outstanding debt on the property was \$578,898 with monthly payments of \$5,934.

The second building held by Salt Lake Development is a two-story 18 unit apartment building, located at 2402 Wall Avenue in Ogden, Utah. This building was purchased on July 23, 1998. The property includes an additional 7,500 square feet of commercial space. The total purchase price was \$850,000. The balance owed at June 30, 2003 was \$590,061 with monthly payments of \$4,028.

At the time of the transaction the property held by Wichita and Salt Lake Development Corporation had a depreciated cost basis of approximately \$1,501,950, including purchase price paid and improvements that were made to the real properties and buildings during the period of ownership by the two corporations and while they were subsidiaries of Nexia.

Nexia recorded rental revenues of \$122,306 and \$239,224 for the three and six months ended June 30, 2003 respectively, as compared to \$119,224 and \$341,916 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.

Nexia had a loss from real estate operations of \$14,037 and \$82,269 for the three and six months ended June 30, 2003, compared to a loss of \$9,590 and a gain of \$8,226 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 Nexia'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

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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 equity, 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 along with an accompanying gain or loss on the sale.

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 June 30, 2003, as compared to the comparable period in 2002. Nexia recorded \$52,630 and \$110,833 in revenues for the three months and six months ended June 30, 2003, respectively, from its financial consulting operations as compared to \$20,996 and \$100,721 for the same periods of 2002. Nexia experienced a gain from consulting operations of \$5,351 for the three months ended June 30, 2003, and a gain of \$6,463 for the six months ended June 30, 2003 as compared to a gain of \$14,730 for the three months ended June 30, 2002 and a loss of \$73,525 for the six months ended June 30, 2002.

Company Operations as a Whole

Revenues

Gross revenues for the three and six month periods ended June 30, 2003, were \$174,936 and \$350,057 respectively as compared to \$140,220 and \$442,637 for the same periods in 2002. The decrease in six month revenues of \$92,580 is due to the issues stated above.

Losses

Nexia recorded operating losses of \$29,122 and \$105,188 for the three and six month periods, respectively ended June 30, 2003, compared to losses of \$78,438

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and \$237,092 for the comparable periods in the year 2002.

Nexia recorded net income of \$209,914 and \$118,851 for the three and six months ended June 30, 2003, as compared to net losses of \$238,783 and \$562,609 for the same periods in the previous year. The gains attributable primarily to the gain on the sale of Wichita.

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 six months ended June 30, 2003, were \$20,436 and \$24,360, respectively, compared to \$83,578 and \$171,793 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 six months ended June 30, 2003 and June 30, 2002, were \$70,484 and \$83,443, 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.

Capital Resources and Liquidity

On June 30, 2003, Nexia had current assets of \$1,029,137 and \$4,482,637 in total assets. Nexia had a net working capital deficit of \$249,020 at June 30, 2003. The working capital deficit is due primarily to mortgages which will or may come due in the next twelve months due to call provisions present in the mortgage.

Net cash used in operating activities was \$403,764 for the six months ended June 30, 2003, compared to \$461,648 for the three months ended June 30, 2002.

Cash used in investing activities was \$14,354 for the six months ended June 30, 2003, compared to cash flow provided by investing activities of \$282,911 for the same period in 2002.

Cash provided by financing activities was \$341,166 for the six months ended June 30, 2003, compared to \$351,044 for the six months ended June 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 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

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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 taxes on this property 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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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 Haidenthaler and Rurairidh 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 response to the counterclaims denying any wrongdoing and asserting its defenses to the claims asserted by the defendants.

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. Suit has been filed seeking 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.

ITEM 2. CHANGES IN SECURITIES
None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
None.

ITEM 5. OTHER INFORMATION
None.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits 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 1 Form 8-K r

1) On April 4, 2003, the Company filed a Form 8-K announcing that it had abandoned its efforts to acquire Industrial Maintenance and Machine Inc., the subject of a March 5, 2003 press release.

Subsequent to the end of the period covered by this report Nexia filed a Form 8-K report.

(2) 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.

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 19th day of September 2003.

Nexia Holdings, Inc.

/s/ Richard Surber
Richard Surber, President and Director

INDEX TO EXHIBITS

EXHIBIT NO.	PAGE NO.	DESCRIPTION
3(i)	*	Articles of Incorporation of Nexia (incorporated herein by reference to 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

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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) 13 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.

Certifications

31(i) 11 CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-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.

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;

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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; 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: September 19, 2003

/s/ Richard Surber

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

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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.

/s/ Richard Surber

Richard Surber
Chief Executive and Financial Officer
September 19, 2003

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Exhibit 10(i)

STOCK PURCHASE AGREEMENT
STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("Agreement") date June 30, 2003, by, between and among DIVERSIFIED FINANCIAL RESOURCES CORPORATION, a Nevada Corporation ("DFRC"), and DIVERSIFIED HOLDINGS I, INC., a Nevada corporation, ("DHI") and Wichita Development Corporation, (Wichita) Salt Lake Development Corporation, (SLDC) Kearns Development Corporation, (Kearns), and Nexia Holdings, Inc. (Nexia).

WHEREAS, Nexia owns 86,795,794 shares of the issued and outstanding common stock of Wichita Development Corporation ("Wichita"), a Nevada corporation, which owns real property (either directly or through its ownership of Salt Lake Development Corporation) located in Salt Lake County, Utah, Weber County, Utah and Sedgwick County, Kansas; and

WHEREAS, Nexia desires to sell and DFRC desires to purchase Eighty Six Million Seven Hundred Ninety Five Thousand Seven Hundred Ninety Four (86,795,794) shares of common stock, representing an interest in excess of eighty three percent (83%) of the issued and outstanding shares of Wichita in exchange for the transfer to DHI of the David Wolfson promissory note with a current value of \$14,056, the offset of a \$112,517 debt owed to Wichita by Kearns Development Corporation, and the forgiveness of

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\$407,854 in debt owed to Nexia Holdings, Inc. by SLDC offset by \$1,565 in debt owed to Nexia by Wichita, DHI shall receive \$284,719.99 worth of restricted common stock of DFRC, Wichita shall deliver to DHI a promissory note in the sum of \$150,000 and DHI shall receive 1,000,000 shares of DFRC's restricted common stock with a guaranteed liquidation value of not less than \$1 per share;

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties herein contained, the parties hereby agree as follows:

(b) Purchase and Sale. Nexia hereby agrees to sell, transfer, assign and convey to DFRC and DFRC hereby agrees to purchase and acquire from Nexia, Eighty Six Million Seven Hundred Ninety Five Thousand Seven Hundred Ninety Four (86,795,794) shares of the common voting stock of Wichita Development Corporation, a Nevada corporation, (the "Wichita Shares")

(c) Purchase Price and Exchanges.

The items of compensation to be transferred by agreement of parties hereto shall consist of the following:

(a) Wichita shall assign to DHI the David Wolfson promissory note with a current balance of \$14,05

(b) Wichita shall waive and offset \$112,517 owed to Wichita by Kearns Development Corporation.

(c) Nexia Holdings shall waive and offset debt owed to it by Salt Lake Development Corporation in the sum of \$407,854 and \$1,565 of debt owed

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to Nexia by Wichita in exchange for the delivery of 148,251 shares of the restricted common stock of DFRC.

(d) Wichita shall give to DHI a promissory note in the face amount of \$150,000.

(e) Diversified Financial Resources Corporation shall transfer to DHI 1,000,000 shares of it's restricted common stock with a guarantee liquidation value of not less than \$1 per share, such that DFRC will issue sufficient additional shares of DFRC common stock to provide DHI with net proceeds from the sale of all shares in an amount of not less than \$1,000,000 within 36 months from the date hereof, the issuance of additional shares shall be treated as part of the original issuance and DFRC agrees to tack the holding period of the additional shares to the date of this agreement in compliance with the provisions of Rule 144 and Rule 144(k).

(d) Warranties and Representations of Wichita and DFRC. In order to induce DHI and Nexia to enter into the Agreement and to complete the transaction contemplated hereby, Wichita and DFRC warrants and represents to DHI and Nexia that:

1) Organization and Standing. Wichita and DFRC are corporations duly organized,

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validly existing and in good standing under the laws of the State of their incorporation, are qualified to do business as a foreign corporation in every other state or jurisdiction in which it operates to the extent required by the laws of such states and jurisdictions, and has full Power and authority to carry on its business as now conducted and to own and operate its assets, properties and business.

2) Ownership of the Shares. As of the Date hereof, Wichita and DFRC are the sole owner of the shares that are to be transferred to DHI pursuant to this Agreement, free and clear of all liens, encumbrances and restrictions, other than those imposed due to the fact the shares have not been registered with the Securities an Exchange Commission and carry a Rule 144 legend

3) Taxes. Wichita and DFRC have filed al federal, state and local income or other tax returns and reports that they are required to file with all governmental agencies, wherever situate, and has paid or accrued for payment all taxes as shown on such returns, such that a failure to file, pay or accrue will not have a material adverse effect on Wichita and DFRC or the shares of stock which are the subject of this Agreement.

4) Pending Actions. There are no materia legal actions, lawsuits, proceedings o investigations, either administrative or judicial, pending or to the knowledge of Wichita threatened, against or affecting Wichita and DFRC and/or the shares of common stock, except as has been disclosed to DHI. Wichita and DFRC ar not in violation of any material law, ordinance or regulation of any kind whatever, including, but not limited to the Securities Act of 1933, (the "33 Act") the Securities Exchange Act of 1934, as amended (the 34 Act") the Rules and Regulations of the U.S. Securities and Exchange Commissio ("SEC"), or the Securities Laws and

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Regulations of any state.

5) Governmental Regulation. The completion of the transactions contemplated by the Agreement will not, in and of themselves, violate any governmental law, rule or regulation which would in any way affect or jeopardize the validity of this Agreement.

6) Ownership of Assets. Wichita and DFR have good, marketable title, without any liens or encumbrances of any nature whatever, to the shares which are the subject of this Agreement.

7) No Misleading Statements or Omissions.

Neither the Agreement nor any financial statement, exhibit, schedule or document attached hereto, contains any materially misleading statement, or omits any fac or statement necessary to make the other statements or facts therein set forth not materially misleading.

8) Validity of the Agreement. All corporate action and other proceedings required to be taken by Wichita and DFRC in order to enter into and to carry out the Agreement have been duly and properly taken. No additional corporate or other action o the part of Wichita and DFRC is required i connection with this Agreement, or the transaction contemplated herein. The Agreement has been duly executed by Wichita and DFRC and constitutes the valid and binding obligation of each of them, except to the extent limited by applicable bankruptcy,

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reorganization, insolvency moratorium or other laws relating to or affecting generally the enforcement of creditors rights. The execution and delivery of the Agreement and the carrying out of its purposes will not result in the breach of any of the terms or conditions of, or constitute a default under or violate any of the Certificate of Incorporation or document of undertaking, oral or written, to which Wichita and DFRC is party or is bound or may be affected, nor will such execution, delivery and carrying out violate any order, writ, injunction, decree, law, rule or regulation of any court, regulatory agency or other governmental body; and the business now conducted by Wichita and DFRC can continue to be so conducted after completion of the transaction contemplated hereby.

9) Enforceability of the Agreement. When duly executed and delivered, the Agreement and the Exhibits hereto which are incorporated herein and made a part hereof are legal, valid, and enforceable by DHI according to their terms, except to the extent limited by applicable bankruptcy, reorganization, insolvency, moratorium or other laws relating to or affecting generally the enforcement of creditors rights and that at the time of such execution and delivery, DHI will have acquired title in and to the DFRC common shares free and clear of all claims, liens and encumbrances.

(e) Warranties and Representations of DHI and Nexia

In order to induce DFRC to enter into the Agreement and to complete the transaction contemplated hereby, DHI and Nexia warrant and represent to DFRC that:

1) Organization and Standing.

DHI and Nexia are corporations duly organized, validly

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existing and in good standing under the laws of the State of Nevada, are qualified to do business as a foreign corporation in every other state in which they operate to the extent required by the laws of such states, and have full power and authority to carry on their businesses as now conducted and to own and operate their assets, properties and business.

2) No Misleading Statements or Omissions.

Neither the Agreement nor any financial statement, exhibit, schedule or document attached hereto or presented to DFRC in connection herewith contains any materially misleading statement, or omits any fact or statement necessary to make the other statements of facts therein set forth not materially misleading.

3) Validity of the Agreement. All corporate action and proceedings required to be taken by DHI and Nexia in order to enter into and to carry out the Agreement have been duly and properly taken. The Agreement has been duly executed by DHI and Nexia, and constitutes a valid and binding obligation of DHI and Nexia. The execution and delivery of the Agreement and the carrying out of its purposes will not result in the breach of any of the terms or conditions of, or constitute a default under or violate, the Certificate of Incorporation or By Laws, or any agreement, lease, mortgage, bond, indenture, license or other

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document or undertaking, oral or written, to which DHI or Nexia is a party or is bound or may be affected, nor will such execution, delivery and carrying out violate any order, writ, injunction, decree, law, rule or regulation of any court regulatory agency or other governmental body.

4) Enforceability of the Agreement. When duly executed and delivered, the Agreement and the Exhibits hereto which are incorporated herein and made a part hereof are legal, valid, and enforceable by DFRC according to their terms, and that at the time of such execution and delivery, DFRC will have acquired good, marketable title in and to the shares acquired herein, free and clear of all liens and encumbrances.

(f) Term. All representations, warranties, covenants and agreements made herein and in the exhibits attached hereto shall survive the execution and delivery of the Agreement and payment pursuant thereto.

(g) Conditions Precedent to Closing.

1) The obligations of DFRC under the Agreement shall be and are subject to fulfillment, prior to or at the Closing of each of the following conditions:

(a) That DHI and Nexia and their management representations and warranties contained herein shall be true and correct at the time of closing date as if such representations and warranties were made at such time;

(b) That DHI and Nexia and their management shall have performed or complied with all agreements, terms and conditions required by the Agreement to be performed or complied with by them prior to or at the time of Closing;

2) The obligations of DHI and Nexia under the Agreement shall be and are subject to

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fulfillment, prior to, at the Closing or subsequent to the Closing of each of the following conditions:

(a) That DFRC's representations and warranties contained herein shall be true and correct at the time of Closing as if such representations and warranties were made at such time; and

(b) That DFRC shall have performed or complied with all agreements, terms and conditions required by the Agreement to be performed or complied with by them prior to or at the time of Closing.

(h) Termination. The Agreement may be terminated at any time before or at Closing, by:

1) The mutual agreement of the parties;

2) Any party if:

(a) Any provision of the Agreement applicable to a party shall be materially untrue or fail to be accomplished.

(b) Any legal proceeding shall have been instituted or shall be imminently

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threatening to delay, restrain or prevent the consummation of the Agreement.

Upon termination of the Agreement for any reason, in accordance with the terms and conditions set forth in this paragraph, each said party shall bear all costs and expenses as each party has incurred and no party shall be liable to the other.

(i) Miscellaneous Provisions. This Agreement is th

This Agreement is the entire agreement between the parties in respect of the subject matter hereof, and there are no other agreements, written or oral, nor may the Agreement be modified except in writing and executed by all of the parties hereto. The failure to insist upon strict compliance with any of the terms, covenants or conditions of the Agreement shall not be deemed a waiver or relinquishment of such right or Power at any other time or times.

(j) Closing. ----- The Closing of the transactions contemplated by the Agreement ("Closing") shall take place at 1:00 P.M. on June 30, 2003. The Closing shall occur at such place as the parties hereto shall agree upon. At the Closing, all of the documents and items referred to herein shall be exchanged.

(k) Wichita's Officers and Directors.

All of Wichita's current officers and directors may resign effective with the closing, the parties hereby agree that Richard Surber may remain in his current position as vice-president and as a director of the company until such time as the current mortgages on the real property held by Wichita have been paid in full.

(l) Governing Law.

The Agreement shall be governed by and construed in accordance with the internal laws of the State of Utah.

(m) Counterparts. The Agreement may be executed in duplicate facsimile counterparts, each of which shall be deemed an original and together shall constitute one and the same binding Agreement, with one counterpart being delivered to each party hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date and year above first written.

Wichita Development Corporation

By: /s/

Edward T. Wells,
President

Diversified Holdings I, Inc.

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By: /s/

Richard D. Surber,
President

Diversified Financial
Resources Corporation

By: /s/

John Chapman, Presiden

Nexia Holdings, Inc.

By: /s/

Gerald Einhorn, Vice-
President

Salt Lake Development
Corporation

By: /s/

Richard Surber,
President

Kearns Development Corporatio

By: /s/

Richard Surber,
President