

NEXIA HOLDINGS INC  
Form 10QSB/A  
September 22, 2005

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

\_\_\_\_\_  
**FORM 10-QSB/A**  
\_\_\_\_\_

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the Quarterly Period Ended June 30, 2005**

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**

\_\_\_\_\_  
**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.)**

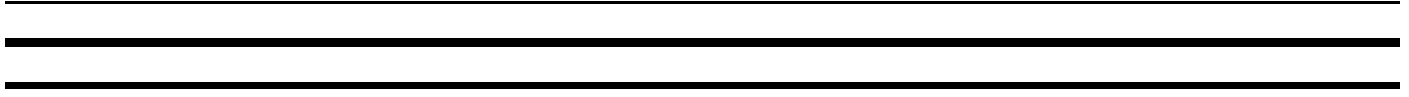
**59 West 100 South, Salt Lake City, Utah 84101**

**(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  No

The number of outstanding shares of the issuer's common stock, \$0.001 par value, as of September 7, 2005 was 3,339,945,834.



**TABLE OF CONTENTS**

**PART I - FINANCIAL INFORMATION**

ITEM 1. <u>FINANCIAL STATEMENTS</u>	F1-F9
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	14
ITEM 3. <u>CONTROLS AND PROCEDURES</u>	19

**PART II - OTHER INFORMATION**

ITEM 1. <u>LEGAL PROCEEDINGS</u>	19
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	20
ITEM 5. <u>OTHER INFORMATION</u>	20
ITEM 6. <u>EXHIBITS AND REPORTS ON FORM 8-K</u>	21
<u>SIGNATURES</u>	22
<u>INDEX TO EXHIBITS</u>	23

Table of Contents

**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 consolidated financial statements are attached hereto as pages F-1 through F-6 and are incorporated herein by this reference.

Table of Contents

<b>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>PAGE</b>
<u>Consolidated Balance Sheets</u>	F-1
<u>Consolidated Statements of Operations and Other Comprehensive Income (Loss)</u>	F-2
<u>Consolidated Statements of Stockholders' Equity</u>	F-3
<u>Consolidated Statements of Cash Flows</u>	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7

Table of Contents

**NEXIA HOLDINGS, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

<b>ASSETS</b>	<b>June 30 2005 (Unaudited)</b>	<b>December 31 2004</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 680,502	\$ 152,413
Restricted cash	-	80,078
Accounts and notes receivable, trade, net	120,079	108,404
Accounts receivable - related party (Note 3)	70,654	23,808
Notes receivable - net of allowance of \$315,000 and \$315,950 respectively	271,622	137,799
Prepaid expenses	21,479	18,783
Marketable securities	180,614	44,549
<b>TOTAL OF CURRENT ASSETS</b>	<b>1,344,950</b>	<b>565,834</b>
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment, net	2,124,079	2,935,052
Land	389,295	489,295
<b>TOTAL NET PROPERTY AND EQUIPMENT</b>	<b>2,513,374</b>	<b>3,424,347</b>
<b>OTHER ASSETS</b>		
Loan costs, net	14,092	15,879
<b>TOTAL OTHER ASSETS</b>	<b>14,092</b>	<b>15,879</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,872,416</b>	<b>\$ 4,006,060</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 97,528	\$ 243,441
Accrued liabilities	201,370	209,480
Unearned rent	-	23,094
Deferred revenue	316	356
Refundable deposits	17,892	15,041
Convertible debentures	-	5,000
Current maturities of long-term debt	931,717	120,757

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TOTAL CURRENT LIABILITIES	1,248,823	617,169
LONG-TERM LIABILITIES		
Convertible debenture	200,000	200,000
Long-term debt	979,681	2,732,161
TOTAL LONG-TERM LIABILITIES	1,179,681	2,932,161
TOTAL LIABILITIES	2,428,504	3,549,330
MINORITY INTEREST	94,285	15,315
STOCKHOLDERS' EQUITY (DEFICIT) (Note 5)		
Preferred Series B stock, \$0.001 par value, 50,000,000 shares authorized, 8,000,000 shares issued and outstanding	8,000	8,000
Preferred Series C stock, \$0.001 par value, 5,000,000 shares authorized, 100,000 shares issued and outstanding	100	100
Common stock \$0.001 par value, 10,000,000,000 shares authorized, 3,189,945,834 and 1,747,945,834 shares issued (post reverse split) and outstanding, respectively	3,189,946	1,747,946
Additional paid-in capital	11,273,530	12,396,385
Treasury stock -29,138 and 29,138 shares at cost, respectively	(100,618)	(100,618)
Stock subscriptions receivable	(1,493)	(375,009)
Other comprehensive Loss	(30,355)	(6,767)
Accumulated deficit	(12,989,483)	(13,228,622)
Total Stockholders' Equity	1,349,627	441,415
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,872,416	\$ 4,006,060

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

Table of Contents

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
<b>REVENUE</b>				
Consulting Revenue	\$ -	\$ 34,819	\$ -	\$ 56,433
Rental Revenue	111,186	118,864	207,822	247,011
<b>TOTAL REVENUE</b>	<b>111,186</b>	<b>153,683</b>	<b>207,822</b>	<b>303,444</b>
<b>COSTS OF REVENUE</b>				
Costs associated with consulting revenue	-	143,551	-	252,823
Costs associated with rental revenue	75,791	159,700	188,139	296,649
Interest associated with rental revenue	40,049	59,893	99,041	115,314
<b>TOTAL COST OF REVENUE</b>	<b>115,840</b>	<b>363,144</b>	<b>287,180</b>	<b>664,786</b>
<b>GROSS DEFICIT</b>				
Gross deficit from consulting operations	-	(108,732)	-	(196,390)
Gross deficit from real estate operations	(4,654)	(100,729)	(79,358)	(164,952)
<b>GROSS DEFICIT</b>	<b>(4,654)</b>	<b>(209,461)</b>	<b>(79,358)</b>	<b>(361,342)</b>
<b>EXPENSES</b>				
Impairment of marketable securities	-	2,118	-	187,892
General and administrative expense	179,921	290,674	551,454	859,419
<b>TOTAL EXPENSES</b>	<b>179,921</b>	<b>292,792</b>	<b>551,454</b>	<b>1,047,311</b>
<b>OPERATING LOSS</b>	<b>(184,575)</b>	<b>(502,253)</b>	<b>(630,812)</b>	<b>(1,408,653)</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(13,112)	(3,193)	(26,038)	(5,894)
Interest income	14,421	-	33,163	-
Income from litigation settlement	181,500	-	181,500	-
Gain on disposal of assets	756,471	-	756,471	-



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Gain on settlement of debt	-	-	-	15,000
Gain on sale of subsidiaries	-	100,000	-	239,270
Gain (loss) on marketable securities	2,259	-	1,691	-
Other Income - Debt forgiven	(14,442)	-	-	-
Other Income (expense)	(1,338)	7,695	1,834	10,366
<b>TOTAL OTHER INCOME</b>	<b>925,759</b>	<b>104,502</b>	<b>948,621</b>	<b>258,742</b>
<b>NET INCOME (LOSS) BEFORE MINORITY INTEREST</b>	<b>741,184</b>	<b>(397,751)</b>	<b>317,809</b>	<b>(1,149,911)</b>
<b>MINORITY INTEREST IN INCOME (LOSS)</b>	<b>(82,931)</b>	<b>80</b>	<b>(78,670)</b>	<b>675</b>
<b>NET INCOME (LOSS)</b>	<b>658,253</b>	<b>(397,671)</b>	<b>239,139</b>	<b>(1,149,236)</b>
Other Comprehensive Loss	(8,361)	-	(23,588)	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 649,892</b>	<b>\$ (397,671)</b>	<b>\$ 215,551</b>	<b>\$ (1,149,236)</b>

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

Table of Contents

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Net income (loss) per common share, basic and diluted				
Income (loss) before minority loss	\$ 0.0002	\$ (0.4907)	\$ 0.0001	\$ (2.3838)
Minority interest in income (loss)	-	-	-	0.0014
Net income (loss) per weighted average common share outstanding	\$ 0.0002	\$ (0.4907)	\$ 0.0001	\$ (2.3824)
Weighted average shares outstanding - basic & diluted	3,189,945,834	810,626	2,903,382,298	482,395

(Weighted average shares  
outstanding  
have been adjusted  
retroactively to reflect  
a reverse stock split on  
November 1, 2004)

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

Table of Contents

**Nexia Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**

	Preferred Stock		Common Stock		Additional	Treasury	Stock	Other	Accumulate
	Shares	Amount	Shares	Amount	Paid-In Capital	Stock	Subscription Receivable	Comprehensive Income (Loss)	
Balance, Year Ended December 31, 2004	8,100,000	\$ 8,100	1,747,945,834	\$ 1,747,946	\$ 12,396,385	\$ (100,618)	\$ (375,009)	\$ (6,767)	\$ (13,228,62)
Change in Comprehensive Loss (Unaudited)	-	-	-	-	-	-	-	(15,227)	-
Common Stock issued for options exercised to employees (Unaudited)	-	-	675,000,000	675,000	(632,634)	-	(15,000)	-	-
Common Stock issued for options exercised to contractors (Unaudited)	-	-	175,000,000	175,000	(163,860)	-	-	-	-
Common Stock issued for services (Unaudited)	-	-	600,000,000	600,000	(453,840)	-	-	-	-
Fair Value of Options issued to contractors for services (Unaudited)	-	-	-	-	36,360	-	-	-	-
Intrinsic value of options issued to employees for services (Unaudited)	-	-	-	-	95,134	-	-	-	-
Proceeds from options stock applied to A/P -	-	-	-	-	430	-	-	-	-

Sorensen (Unaudited)										
Proceeds from options stock applied to A/P - T Hall (Unaudited)	-	-	-	-	7,555	-	-	-		
Receipt of cash on subscriptions receivable (Unaudited)	-	-	-	-	-	-	373,516	-		
Return of common stock issued to J. Fry, Jr. on 11/12/2004 (Unaudited)	-	-	(8,000,000)	(8,000)	(12,000)	-	-	-		
Receipt of cash on subscriptions receivable (Unaudited)	-	-	-	-	-	-	15,000	-		
Change in Comprehensive Loss (Unaudited)	-	-	-	-	-	-	-	(8,361)		
Net consolidated profit for six months ended June 30, 2005 (Unaudited)	-	-	-	-	-	-	-	-	-	239,13
Balance for the six months ended June 30, 2005 (Unaudited)	8,100,000	\$ 8,100	3,189,945,834	\$ 3,189,946	\$ 11,273,530	\$(100,618)	\$ (1,493)	\$(30,355)	\$(12,989,48	

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

Table of Contents

**Nexia Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity (Continued)**

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Subscription Receivable	Expenses Prepaid with Common Stock	Other Deferred Consulting	Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity		
	Shares	Amount	Shares	Amount	Capital	Stock	Stock	(Loss)	Deficit	Equity		
Balance December 31, 2003	-	\$ -	348,503	\$ 349	\$ 10,411,636	\$ (100,618)	\$ (28,000)	\$ (13,333)	\$ -	\$ (862)	\$ (10,224,467)	\$ 4
Cancellation of common stock for subscription receivable (Unaudited)	-	-	(700)	(1)	(6,999)	-	7,000	-	-	-	-	-
Common stock issued for services (Unaudited)	-	-	168,831	169	648,758	-	-	-	-	-	-	64
Issuance of stock for options exercised (Unaudited)	-	-	111,000	111	32,252	-	(32,363)	-	-	-	-	-
Common stock issued for building improvements and services (Unaudited)	-	-	6,000	6	19,194	-	-	-	-	-	-	1
Common stock issued for stock option exercise to consultants (Unaudited)	-	-	150,400	150	108,994	-	-	-	-	-	-	10
Common stock issued for stock option exercise to employees (Unaudited)	-	-	106,100	106	139,994	-	-	-	-	-	-	14

Receipt of subscriptions receivable (Unaudited)	-	-	-	-	-	-	21,000	-	-	-	-	2
Amortization of prepaid expenses (Unaudited)	-	-	-	-	-	-	-	13,333	-	-	-	1
Intrinsic value of stock options to employees (Unaudited)	-	-	-	-	253,250	-	-	-	-	-	-	25
Fair value of options issued for prepaid consulting fees (Unaudited)	-	-	-	-	43,988	-	-	-	(43,988)	-	-	-
Revaluation and amortization of deferred consulting (Unaudited)	-	-	-	-	1,612	-	-	-	5,988	-	-	-
Application of option grants to accounts payable (Unaudited)	-	-	-	-	7,466	-	-	-	-	-	-	-
Adjustment for marketable securities (Unaudited)	-	-	-	-	-	-	-	-	-	(3,748)	-	0
Adjustment for revision of options issued value (Unaudited)	-	-	-	-	488,195	-	-	-	-	-	-	48
Net loss for the six months ended June 30, 2004 (Unaudited)	-	-	-	-	-	-	-	-	-	-	(1,637,431)	(1,637,431)
Balance, June 30, 2004 (Unaudited)	-	\$ -	890,134	\$ 890	\$ 12,148,340	\$ (100,618)	\$ (32,363)	\$ -	\$ (38,000)	\$ (4,610)	\$ (11,861,898)	\$ 11,861,898

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



Table of Contents

**NEXIA HOLDINGS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**

	<b>For The Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ 239,139	\$ (1,149,236)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Impairment of marketable securities	-	187,892
Change in minority interest	78,970	(675)
Depreciation	67,742	65,398
Intrinsic and fair value of stock options issued	95,134	253,250
Issued common stock for services	106,628	650,127
Amortization of expense prepaid with common stock	-	13,333
Revaluation of variable deferred consulting	-	7,600
Bad debts expense	(950)	-
Changes in operating assets and liabilities:		
Increase in restricted cash	-	(64,651)
Accounts receivable	(11,675)	(60,111)
Accounts receivable, related party	(46,846)	