



Nexia Holdings, Inc. and Subsidiaries

Annual Report

(Unaudited)

For the Years Ended December 31, 2013 and 2012

We previously were a shell company; therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction, pursuant to Rule 144.

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Part A: General Company Information

Item 1: Exact name of the issuer and its predecessor (if any).

Nexia Holdings, Inc. ("Nexia" or the "Company") (2000 – current)

Item 2: The address of the issuer's principal executive offices.

59 West 100 South, Second Floor, Salt Lake City, Utah 84101

Office: 801-575-8073

Fax: 801-575-8092

Web: <http://www.nexiaholdings.com>

Item 3: The jurisdiction(s) and date of the issuer's incorporation or organization.

Nexia was originally incorporated in the State of Colorado on April 20, 1987 as Metropolitan Acquisition Corporation. On October 5, 2000, Nexia merged with a Nevada corporation with the same name, effectively changing its state of domicile from Colorado to Nevada. In 2009, Nexia changed its domicile to the State of Utah through a merger with a Utah corporation with the same name. Nexia's fiscal year end is December 31.

Part B: Share Structure

Item 4: The exact title and class of securities outstanding.

A. Common Stock -- The Company is authorized to issue 25,000,000,000 shares of \$0.0001 par value Common Stock. The Company's Common Stock is traded on the Pink Sheets Electronic Quotation Service under the symbol "NXHD" (CUSIP number 65336B608). As of July 25, 2014, 45,419,512 shares of the Company's Common Stock were outstanding.

B. Preferred Stock -- The Company is authorized to issue 50,000,000 shares of preferred stock with such rights and preferences and in such series as determined by the Board of Directors at the time of issuance, a portion of which is designated as Class A, B, or C.

As of July 25, 2014, the number of shares of Series A Convertible Preferred Stock issued and outstanding was 151,000. Richard Surber holds a total of 145,000 shares, Seth Bullough holds 3,000 and Joe Corso Jr. holds 3,000 shares of Series A Preferred Stock. Each named individual received the shares of Series A stock in exchange for the transfer of various assets. The Series A Convertible Preferred Shares have voting rights which equate to 100 shares of common stock for every 1 Series A Preferred share and may be converted into \$10 worth of common stock. A total of 10,000,000 shares have been designated and authorized as Series A Convertible Preferred Shares.

On August 25, 2004, the Company filed with the Nevada Secretary of State a Certificate of Designation of the Rights and Preferences of Preferred Stock of Nexia Holdings, Inc. This designation created 10,000,000 shares, par value \$0.001, of Series B Preferred Stock. The Series B Preferred Stock holds voting rights equal to 500 shares of common stock for each share of the Series B Preferred Stock issued. The shares do not have any conversion rights into common stock or any other class of stock of the Company. In October 2009, the Company increased the number of authorized shares to 20,000,000. As of July 25, 2014, the number of shares of Series B Preferred Stock issued and outstanding was 15,000,000 held by Richard Surber.

On November 8, 2004, the Company filed with the Nevada Secretary of State a Certificate of Designation of the Rights and Preferences of Preferred Stock of Nexia Holdings, Inc. designated as Series C Preferred Stock. The designation of 5,000,000 shares as Series C Preferred Stock provides that the Series C shares will hold conversion rights into shares of common stock of the Company equal in value to \$5.00 per share and are subject to redemption by the Company upon a \$5.00 cash payment. The Series C Preferred Shares hold one vote per share.

Dividends: The Company has not declared a cash dividend for any of the classes of Preferred Stock during the fiscal years ended December 31, 2010, 2011, 2012, or 2013. Rights to dividends are granted to the Series A, B and C Convertible Preferred Stock, when, as, and if declared by the Directors of Nexia, to be paid in cash or in common stock.

Item 5: Par or Stated Value and description of the security.

A. Par Value

The Company's Common Stock has a par value of \$0.0001 and the Preferred Stock has a par value of \$0.001.

B. Common Stock

1. Dividends Declared on Common Stock -- None
2. Voting Rights -- One vote per share
3. Preemption Rights -- None
4. Other Material Rights -- None
5. Provisions in Charter or by-laws that would delay, defer, or prevent a change in control of the issuer -- None

C. Preferred Stock

Class A Preferred Stock

1. Dividends Declared on Common Stock -- None
2. Voting Rights -- 100 votes per share
3. Conversion Rights -- \$10.00 of common stock for one share
4. Liquidation Rights -- None
5. Other material Rights -- None

Class B Preferred Stock

1. Dividends Declared on Common Stock -- None
2. Voting Rights -- 500 votes per share
3. Conversion Rights -- None
4. Liquidation Rights -- None
5. Other Material Rights -- None

Class C Preferred Stock

1. Dividends Declared on Common Stock -- None
2. Voting Rights -- One vote per share
3. Conversion Rights -- \$5.00 of common stock for one share
4. Liquidation Rights -- None
5. Other Material Rights -- None

Item 6: The number of shares or total amount of securities outstanding for each class or securities authorized
Shares outstanding

Common Stock		December 31, 2013	December 31, 2012	December 31, 2011
(i)	Number of shares authorized(3)	25,000,000,000	25,000,000,000	25,000,000,000
(ii)	Number of shares outstanding (1)	45,419,512	75,419,512	71,991,251
(iii)	Freely tradable shares (public float)	38,400,008	39,650,008	36,221,747
(iv)	Total number of beneficial shareholders (2)	3,000	3,000	3,000
(v)	Total number of shareholders of record	65	71	74

(1) The shares numbers all reflect the 1 for 2,000 reverse stock split effective February 23, 2010.

(2) Estimate of all holders in brokerage accounts.

(3) Number of authorized shares reduced to 25 billion on July 7, 2011.

Class A Preferred Stock		December 31, 2013	December 31, 2012	December 31, 2011
(i)	Number of shares authorized	10,000,000	10,000,000	10,000,000
(ii)	Number of shares outstanding	151,000	151,000	151,000
(iii)	Freely tradable shares (public float)	----	----	----
(iv)	Total number of beneficial shareholders	3	3	3
(v)	Total number of shareholders of record	3	3	3
Class B Preferred Stock		December 31, 2013	December 31, 2012	December 31, 2011
(i)	Number of shares authorized	20,000,000	20,000,000	20,000,000
(ii)	Number of shares outstanding	15,000,000	15,000,000	15,000,000
(iii)	Freely tradable shares (public float)	----	----	----
(iv)	Total number of beneficial shareholders	1	1	1
(v)	Total number of shareholders of record	1	1	1
Class C Preferred Stock		December 31, 2013	December 31, 2012	December 31, 2011
(i)	Number of shares authorized	5,000,000	5,000,000	5,000,000
(ii)	Number of shares outstanding	1,679,882	1,976,882	1,992,629
(iii)	Freely tradable shares (public float)	----	----	----
(iv)	Total number of beneficial shareholders	35	37	38
(v)	Total number of shareholders of record	35	37	38

Item 7: The name and address of the transfer agent.

Standard Registrar & Transfer Company
12528 South 1840 East
Draper, Utah 84020
(801) 571-8844
Standard is registered under the Exchange Act.
Its regulatory authority is the Securities and Exchange Commission.

Part C: Business Information

Item 8: The nature of the issuer's business

Nexia was originally incorporated in the State of Colorado on April 20, 1987 as Metropolitan Acquisition Corporation. On October 5, 2000, Nexia merged with a Nevada corporation with the same name, effectively changing its state of domicile from Colorado to Nevada. In 2009, Nexia changed its domicile to the State of Utah through a merger with a Utah corporation with the same name. Nexia's fiscal year end is December 31.

A. Business Development

Nexia Holdings, Inc. operations ("Nexia" or the "Company") consist of four principal areas: (1) the operation of Landis Lifestyle Salons through Nexia's ownership interest in Green Endeavors, Inc. ("GRNE") which holds a 100% ownership interest in Landis Salons, Inc., 100% ownership of Landis Salons II, Inc., and 100% ownership of Landis Experience Center, LLC which operates an Aveda Experience Center in City Creek Center in downtown Salt Lake City, (2) assisting with the development and production of film products in WG Productions Company (fka Revel Entertainment, Inc.) (3) Events such as Slide the CityTM and Lantern Fest and (4) the acquisition, leasing and selling of real estate.

B. Business of Issuer

Landis Lifestyle Salons

A subsidiary of Nexia, [Green Endeavors, Inc.](#) currently owns 100% of Landis Salons, Inc. (“Landis”), 100% of Landis Salons II, Inc. (“Landis II”) and 100% of Landis Experience Center LLC (“LEC”). Landis operates two Landis Lifestyle Salons and one retail outlet that feature Aveda™ products for retail sale. Additional information on the Landis Salons can be found on its website at www.landissalon.com.

Landis intends to limit the services offered in its salons to hair and makeup only. The current salons’ operations consist of three major components: an Aveda™ retail store, an advanced hair salon, and a training academy (for the training of future staff about the culture, services, and products provided by Landis). Pricing of hair services will reflect the experience level of the stylists with the training academy and the advanced hair salon. The design of the studios are intended to look clean, comfortable and modern, appealing to both genders and all age groups.

The target market for Landis is 70% female and 30% male, seeking customers with high expectations at a reasonable cost. The average customer in Salt Lake City is expected to visit the salon 6-8 times a year, spending an average of \$66 on services and purchasing \$16 of retail Aveda™ product with each visit. The first location was selected for its central location to the Salt Lake market area, the high-income demographics available within easy driving distance and the trendy, upwardly mobile nature of the area. The primary marketing efforts of Landis will be word of mouth, supplemented by carefully selected advertising campaigns, and seeking referrals from the existing customer base.

The operations of Landis are subject to normal government regulation at the federal, state and local level. Landis must comply with governmental regulation regarding employment, wages, access for handicapped and disabled persons and other laws, rules, regulations, and ordinances. Although there are no anticipated changes in existing local, state, or federal regulations, if changes should occur, Landis Salon operations would adapt to such new regulations without any significant effect on revenues or operations. However, no assurances can be made that compliance or failure to comply with future regulations will not have a materially adverse effect on the business, operating results or financial situation of Landis.

Primary competition will come from salons offering above-and-beyond customer service in the Salt Lake area market. Currently identified as offering this level of competition are the salons named Lunatic Fringe, Salon Keiji and booth rental market. Landis will also be in competition with large-scale hair cutting operations such as Great Clips, Supercuts and Fantastic Sams, although these operations do not compete in offering the extra services and products that Landis offers.

Entertainment Operations

WG Productions Company (“WG”) is an entity specializing in the production of feature length films. The Company develops, creates, and produces feature length films for consumption in worldwide markets. The Company is a subsidiary of Nexia Holdings Inc. WG was acquired by Nexia in 2009. WG has located its operations in the State of Utah to take advantage of the market and

Originally launched in 2005, the Company and its management has developed significant ties with other producers, actors, agents, managers, and other entertainment companies in Los Angeles, CA. The Company has worked with stars Mila Kunis (*Black Swan*, *Forgetting Sarah Marshall*, *That ‘70s Show*), Jon Heder (*Napoleon Dynamite*, *Blades of Glory*, *School for Scoundrels*), Jason Mewes (*Clerks*, *Mallrats*, *Jay and Silent Bob Strike Back*), Rutger Hauer (*Blade Runner*, *Batman Begins*, *Sin City*), Luke Perry (*Beverly Hills 90120*, *The Fifth Element*, *Jeremiah*), Taylor Negron (*The Last Boy Scout*), Drew Fuller (*Vampire Clan*, *Charmed*, *Army Wives*), Ethan Embry (*Dutch*, *Vegas Vacation*, *Can’t Hardly Wait*), William Devane (*Rolling Thunder*, *West Wing*, *24*) Ben Browder (*Farscape*, *Stargate SG-1*), James Marsters (*Buffy*, *The Vampire Slayer*, *P.S. I Love You*, *Angel*), Katherine Heigl (*Greys Anatomy*, *Knocked Up*, *New Year’s Eve*, *Life as We Know It*, *Killers*), Ben Barnes (*The Chronicles of Narnia; Prince Caspian*, *Stardust*, *Dorian Gray*) Jes Macallan (*Mistresses*, *The Football Fairy*, *Crash & Burn*) and William Atherton (*Ghostbusters*, *Die Hard*, *The Last Samurai*).

To date WG and its management has produced and played an integral part in over 14 films and has been involved in several others. The first, *Moving McAllister* was created in 2006 and achieved a theatrical distribution in 2007. The film was distributed by First Independent Pictures and Magnolia Pictures. It starred Mila Kunis, Jon Heder, and Rutger Hauer.

Utah has up to a 25% tax credit on all qualifying expenditures that exceed \$1,000,000. (There are specific criteria to reach 25%; otherwise is the tax incentive is 20%. The 20% incentive covers all qualifying expenditures made in the state of Utah on films produced for over \$200,000. Additionally, Utah sales tax and some other taxes are waived as part of the state's film incentive package. WG plans to spend approximately \$1,200,000-\$1,500,000 (estimated) on qualified Utah expenditures, which include labor costs and production costs of the next three films WG intends to produce. WG anticipates that films produced in Utah will receive a rebate equaling between 20%-25% of this amount.

Distribution of WG Productions Company Films:

Redline Entertainment, Inc. ("Redline") is a subsidiary of Nexia. Redline works on the distribution of movies across multiple platforms to a worldwide audience; the films to be distributed are produced by WG Productions Company and Redline enters into contracts with various other producers and moviemakers for their projects. For the majority of such films and for worldwide markets Redline has a relationship with Highland Film Group which promotes the films for distribution at various film festivals and through private contacts. Contracts for the distribution of films in markets in the Far East, Europe, Middle East, Africa and South America have been arranged and distribution fees earned through these efforts. Redline has agreements in place to insure the safety of payments/funding for distribution agreement throughout the world and to account for funds through the chain from source through to the return to the original producers of the project.

Distribution of WG Productions Company Films:

In the film world, the existence of strong distribution network is a key to success. In November 2010, the Company through its sister company Redline Entertainment, Inc. entered into a strategic relationship with Highland Film Group, Inc. ("Highland") to (a) handle foreign distribution for WG's films, (b) assist other production companies in developing new contacts for distribution, and (c) reduce the costs of hiring outside agents to distribute its films. Through Highland and WG's affiliates, WG already has built in foreign representation and distribution channels for its films. This allows WG to quickly place its products with commercial distribution companies and derive revenue faster. It also limits sales commissions and other costly features of the distribution market.

These strategic relationships give the Company a greater chance of success by providing significant cost savings, creating more sales, and also providing new outlets for the sale of the Company's films in the worldwide marketplace.

EVENTS DEVELOPMENT AND PRODUCTION

Beginning in 2013 under WGs' guidance, the Company has helped develop two events under the entertainment operations of the company. Slide the City, LLC (Slide the CityTM) and Lantern Fest, LLC have both held successful test events during the second quarter of 2014. Both LLCs were formed in 2013 as majority owned subsidiaries of WG.

On May 30, 2014 in Spokane, Washington, the Lantern Fest held its test event with great success. A large crowd attended to witness the amazing view of hundreds of burning lanterns lifting into the night after an evening of fun, family-friendly events including music, food, and roasting smores. The Lantern Fest has plans to hold events in more than thirty additional cities across the US and Canada. The web site for Lantern Fest is <http://www.thelanternfest.com>.

On July 19, 2014 Slide the CityTM held an event in Salt Lake City, Utah that attracted over 3,000 participants and an almost equal number of observers where three city blocks were shut down to create an over 200 yard long water slide for participants. The plan is to hold similar events annually in cities across the country building on the success of the first event. The website for Slide the City is <http://www.slidethecity.com>.

The Company believes that setting up these types of events across the nation will lead to additional opportunities in the entertainment industry and generate revenues in new areas.

Our Plan to Acquire and to Sell Commercial and Residential Properties

Our business plan is to buy more properties that we believe are undervalued compared to their cash flows and estimated resale value. We are looking for properties with sufficient rental income to enable us to cover the operating costs of our overall portfolio. We will sell properties when market conditions are favorable.

Our strategy is to identify properties with a favorable financing arrangement already in place, assume that financing and satisfy any new down payment with a relatively nominal cash payment. We plan to lease primarily to commercial tenants. We are prepared to make limited improvements to our properties so that we can increase occupancy, improve cash flows and enhance potential resale value. We do not plan to limit the geographical area in which we buy properties; however, given our current financial condition, we will most likely seek properties in the Salt Lake City area.

From time to time, we will sell our commercial properties when favorable market conditions enable us to do so. While we are actively seeking tenants for all our properties, our real estate agents are also seeking buyers for those properties. Our goal ultimately is to maximize profits and not necessarily to be landlords.

As of December 31, 2013, Diversified Management Services, Inc. employed 6 individuals. Landis employed 85 individuals, with approximately 80 providing salon and support services and 5 in management, administration and finance. None of our employees are represented by labor unions and we have experienced no work stoppages. We believe that our employee relations are good.

The Company's SIC Code is 6510.

Prior to February of 2002, the Company's predecessor, Kelly's Coffee Group, Inc. reported no revenue and was classified by the SEC in its reports as a "blank check" company. Subsequent to February of 2002, and the name change to Nexia Holdings, Inc., the Company had revenues and operations. The Company was a fully reporting company with the SEC until April of 2009 when it ceased to be reporting and filed a Form 15 with the SEC. The Company is not currently a shell or "blank check" company and has had continuous revenue generating operations from February of 2002 until the present.

Item 9: The nature of products or services offered.

Salon and Retail Operations

Through the operation of the salons currently open and our City Creek Landis Experience Center, the Company offers high quality hair care and other salon services and retail sales that include items such as makeup, skin care and nail care. The salons incorporate the Aveda™ line of products exclusively in all the services performed as well as the retail product offered for sale. These products include the following for both men and women:

- Hair care – hair color and styling products, shampoos, conditioners and finishing sprays.
- Makeup – lipsticks, lip glosses, mascaras, foundations, eye shadows, nail polishes and powders.
- Skincare – moisturizers, creams, lotions, cleansers and sunscreens.
- Fragrance – a variety of fragrance products.

These products are sold directly to a broad consumer base for personal use. Therefore, the Company does not rely on any single customer for product sales.

Aveda™ develops and manufactures a wide range hair, skin, makeup, perfumes, and lifestyle products from the essential oils of flowers and plants gathered from around the world. They focus on creating environmentally friendly products that give a superior guest experience. The products are sold exclusively in professional, licensed hair salons. As an Aveda Lifestyle Salon, the Landis Salons desire to create a strong point of difference in our salons by creating a superior guest service experience.

The name "Landis Lifestyle Salon" has been registered as a trademark of the Company.

Entertainment Operations

Nexia formed WG Productions Company as a Utah corporation. To date WG and its management has produced and played an integral part in over 14 films and has been involved in several others. It offers production and distribution services for its own projects and those of third party film producers.

Nexia has formed a wholly owned subsidiary, Redline Entertainment, Inc., that will seek to enter into contracts for the international and domestic distribution of film projects for its related entities, such as WG Productions Company, but will also contract with third parties to assist in the distribution of their film projects. Redline would be paid a fee from the funds generated from those distribution agreement obtained for the third parties.

Real Estate Operations

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

Nexia has acquired title to two residential properties in exchange for the delivery of restricted preferred stock of Nexia. Each of the properties was acquired pursuant to the real estate acquisition strategy announced by Nexia in 2008. A property previously acquired in Bountiful, Utah was returned to the prior owner and the transfer was rescinded by mutual agreement of the parties.

Each of the following properties is held by Wasatch Capital Corporation or Downtown Development Corporation:

- a) Residence located at: 459 East 3360 South, Salt Lake City, Utah, 84115, 837 square feet, 3 bedrooms, 1 bathroom, built in 1946.
- b) Residence located at: 838 South Lake Street, Salt Lake City, Utah, 84105, 1,100 square feet, two bedrooms, 1 bathroom, built in 1896.
- c) Commercial building located at: 1374 South State Street, Salt Lake City, Utah 84115, 7,000 square feet.

Nexia will continue efforts to improve profitability and cash flow by working to increase occupancy and rental income from those properties currently held and to seek new investment opportunities as they can be located and evaluated. 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.

Item 10: The nature and extent of the issuer's facilities.

Our Liberty Heights facility is located at 1298 South 900 East, Salt Lake City, Utah 84105. This lease is for a 4,000 square foot free standing commercial building with a preliminary term of ten years beginning on October 1, 2005 and the lease provides for one five year extended term.

Our Landis II facility is located at 600 North 300 West, Salt Lake City, Utah 84103. This lease is for a 3,000 square foot commercial building with a term of ten years beginning on September 15, 2010 and the lease provides for two, five year extended terms.

On March 10, 2012, we signed a lease through a newly formed subsidiary, Landis Experience Center, LLC to operate an Aveda™ experience center in the newly opened City Creek Mall located in downtown Salt Lake City, Utah. This 430 square foot store will focus on the sale of products only, no salon services will be provided. The lease is for a period of seven years beginning when the store opened in August 2012.

Nexia and its subsidiaries corporate headquarters of approximately 3,000 square feet are located at 59 West 100 South, Salt Lake City, Utah 84101.

Part D Management Structure and Financial Information

Item 11: The name of the chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors.

The following persons are officers and directors of Nexia as of July 25, 2014:

Name	Age	Positions(s) and Office(s)	Business Address	Total Compensation	
				2013	2012
Richard D. Surber	41	President, CEO, CFO and Director	59 West 100 South, 2 nd Floor Salt Lake City, Utah 84101	\$ 116,601 (1)	\$ 82,666(2)

- (1) Total Compensation includes \$52,000 from Landis Salons, Inc. for management services and \$41,750 from Landis Salons II, Inc. for management services.
- (2) Total Compensation includes \$37,500 from Landis Salons, Inc. for management services and \$39,500 from Landis Salons II, Inc. for management services.
- (3) Nexia has been accruing salary of \$150,000 per year for Mr. Surber. As of December 31, 2013 the accrued balance of unpaid salary to him is \$958,380.

Richard D. Surber, 41, graduated from the University of Utah with a Bachelor of Science degree in Finance and then with a Juris Doctorate with an emphasis in corporate law, including securities, taxation, and bankruptcy. He has served as President and Director of the Company since May of 1999. He also served as an officer and director of the Company's former parent corporation, Axia Group, Inc. (president and director from 1992 until control transferred in 2004). He has been an officer and director of several public companies, including Nexia's majority owned subsidiary Green Endeavors, Inc.

Mr. Surber is licensed to practice law in the State of California and occasionally represents corporate clients on various corporate matters, to which he occasionally devotes a significant amount of time. Mr. Surber has disclosed the fact that he, on occasion, does act as counsel to several companies for which he receives fees for the legal or consulting services provided.

Directors are appointed for terms that expire upon a shareholders meeting being held at which an election of directors is held.

All executive officers are appointed by the board and hold office until the board appoints their successors or they resign.

The following table sets forth certain information concerning the ownership of the Company's common stock as of July 25, 2014, with respect to: (i) all directors; and (ii) directors and executive officers of the Company as a group. The notes accompanying the information in the table below are necessary for a complete understanding of the figures provided below. As of July 25, 2014, there were 45,419,512 shares of common stock issued and outstanding. All numbers reflect a 1 for 2,000 reverse split of the common stock that was effective as of February 23, 2010.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Preferred Series "B" Stock (\$0.001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	15,000,000 ⁽²⁾	100%
Preferred Series "A" Stock (\$0.001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	145,000 ⁽³⁾	96.0%
Common Stock (\$0.0001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	19,301 Indirect ⁽¹⁾	<0.1%
Common Stock (\$0.0001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	5,250,005	11.55%
Common Stock (\$0.0001 par value)	Directors and Executive Officers as a Group	5,269,306	11.60%

⁽¹⁾ Richard Surber may be deemed a beneficial owner of 19,301 shares of the Company's common stock by virtue of his position as an officer and director of Diversified Holdings X, Inc. (19,301 post-reverse shares).

⁽²⁾ Series "B" preferred stock has voting rights of 500 to 1 of the common stock; these shares give Mr. Surber 7,500,000,000 votes in any shareholder vote and his personal vote of these shares may not always be exercised in the best interest of the balance of the common stock shareholders.

⁽³⁾ Series "A" preferred stock has voting rights of 100 to 1 of the common stock; these shares give Mr. Surber 15,000,000 votes in any shareholder votes and his personal vote of these shares may not always be exercised in the best interest of the balance of the common stock shareholders.

B. Legal/Disciplinary History -- None

C. Disclosure of Family Relationships -- There is currently no family relationship between any Director or Executive Officer of the Company.

D. Disclosure of Related Party Transactions -- During the years ended December 31, 2013 and 2012, the Company has entered into the following related party transactions:

Over the years 2013 and 2012, the President of the Company has extended short-term, interest-free advances for the purchase of inventory and operational expenses. As of December 31, 2013, the outstanding balance was \$44,229.

On July 13, 2006, Nexia issued a promissory note to Richard Surber for \$250,000 with interest at a rate of 24% per year. The balance of the note as of December 31, 2013 was \$28,997 with accrued interest of \$153,576 included in related party payables.

On November 5, 2012 Landis Salons II, Inc. a subsidiary of Nexia issued a promissory note to Richard Surber for \$25,000 with interest at a rate of 20% per year. The balance of the note as of December 31, 2013 was \$25,000 with accrued interest of \$2,809 included in related party payables.

On November 5, 2012, Landis Salons II, Inc. entered into a promissory note with Richard Surber, President, CEO and Director of Green, for the sum of \$25,000 for funds loaned. The note bears interest at the rate of 20% per annum, with a term of five years and monthly payments of \$662.35 and a demand feature by which the note can be called upon the

demand of Mr. Surber. Landis Salons II as security for the note pledged all of its assets, stock in trade, inventory, furniture, fixtures, supplies, any intangible property and all tangible personal property of Landis Salons II and all and any other assets to which Landis Salons II holds title or claims ownership or that is hereafter acquired by Landis Salons II, subject only to purchase money liens held by sellers or grantors. As of March 31, 2014, the balance of the note was \$25,000. No principal payments have been made on the note as of March 31, 2014. Mr. Surber is also providing his personal guaranty for several lines of credit and credit cards that are being utilized by the company and its operating subsidiaries. In addition to the above, Mr. Surber is a personal guarantor to notes payable by Green Endeavors with remaining principal balances of \$176,615. Currently Mr. Surber continues to provide his personal guaranty for several lines of credit, credit cards, and loans that are being utilized by the Company and its subsidiaries. The total amount of these credit obligations could exceed the amount of \$300,000 from time to time.

E. Disclosure of Conflicts of Interest – None

Item 12: Financial information for the issuer's most recent fiscal period.

Consolidated financial statements for the three months ended March 31, 2014 were filed separately as a Quarterly Report with the OTC Disclosure and News Service. These financial statements can be found at www.otcm Markets.com.

Item 13: Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Consolidated financial statements for the years ended December 31, 2013 and 2012 are attached hereto.

Nexia Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	December 31, 2013	December 31, 2012
Assets		
Current Assets:		
Cash	\$ 429,396	\$ 261,322
Investment in marketable securities	1,151	720
Accounts receivable, net of allowance for doubtful accounts of \$223,098 and \$204,580, respectively	416,539	475,832
Inventory	144,317	128,650
Prepaid expenses	-	8,919
Total current assets	991,403	875,443
Property, plant and equipment, net of accumulated depreciation of \$904,425 and \$749,473 respectively	1,427,373	1,549,671
Notes receivable	168,531	163,281
Film costs	350,176	547,817
Other assets	240,293	245,036
Total Assets	\$ 3,177,776	\$ 3,381,248
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,605,201	\$ 2,804,044
Deferred revenue	63,830	61,809
Deferred rent	113,500	-
Due to related parties	47,038	52,333
Derivative liability	55,099	231,609
Current portion of notes payable	525,575	524,314
Current portion of related party notes payable	53,997	93,333
Current portion of capital leases payable	18,367	14,624
Current portion of convertible notes payable, net of debt discount of \$10,979 and \$9,626, respectively	99,021	158,374
Total current liabilities	3,581,628	3,940,440
Long-Term Liabilities:		
Deferred rent	-	37,035
Notes payable related party	-	21,466
Notes payable	850,776	916,731
Capital lease obligations	34,650	47,878
Convertible notes payable, net of debt discount of \$0 and \$28,479, respectively	25,000	31,521
Convertible debentures, net of debt discount of \$10,852 and \$13,375, respectively	489,148	486,643
Total long-term liabilities	1,399,574	1,541,274
Total Liabilities	4,981,202	5,481,714
Stockholders' Deficit:		
Series A preferred stock, \$0.001 par value, 10,000,000 shares authorized; 151,000 shares issued and outstanding	151	151
Series B preferred stock, \$0.0001 par value, 20,000,000 shares authorized; 15,000,000 shares issued and outstanding	15,000	15,000
Series C preferred stock, \$0.001 par value, 5,000,000 shares authorized; 1,697,882 and 1,976,882 shares issued and outstanding, respectively	1,698	1,977
Common stock, \$0.0001 par value, 100,000,000,000 shares authorized; 45,419,512 and 75,419,512 shares issued and outstanding, respectively	4,542	7,542
Additional paid-in capital	36,010,059	36,687,882
Accumulated deficit	(36,956,207)	(37,905,900)
Accumulated other comprehensive income	(16,597)	(17,027)
Total Nexia Holdings, Inc. and Subsidiaries Stockholders' Deficit	(941,349)	(1,210,375)
Noncontrolling interest in subsidiary	(862,072)	(890,091)
Total stockholders' deficit	(1,803,421)	(2,100,466)
Total Liabilities and Stockholders' Deficit	\$ 3,177,776	\$ 3,381,248

The accompanying notes are an integral part of these Consolidated Financial Statements.

Nexia Holdings, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Years Ended	
	December 31, 2013	December 31, 2012
Revenue:		
Services, net of discounts	\$ 2,628,120	\$ 2,329,130
Product, net of discounts	937,907	821,409
Rent	54,961	85,270
Film distribution and commissions	799,488	884,125
Consulting	<u>102,942</u>	<u>118,743</u>
Total revenue	<u>4,523,418</u>	<u>4,238,677</u>
Costs and Expenses:		
Cost of services	1,790,050	1,832,060
Cost of product	502,321	468,469
Depreciation and amortization	155,564	149,656
Amortization of film costs	197,642	214,948
General and administrative	<u>1,928,321</u>	<u>1,905,925</u>
Total costs and expenses	<u>4,573,898</u>	<u>4,571,058</u>
Income (loss) from operations	(50,480)	(332,381)
Other income (expenses):		
Interest income	841	1,627
Interest expense	(179,775)	(379,717)
Interest expense, related parties	(4,629)	(827)
Gain (loss) on derivative fair value adjustment	155,914	(94,850)
Gain on disposal of assets	----	5,822
Gain on foreign currency translation	527	----
Gain (loss) on sale of securities	1,000,000	(129)
Gain on forgiveness of debt	66,600	8,208
Bad debt expense	(18,518)	(41,710)
Other income (expense)	<u>7,232</u>	<u>(25,686)</u>
Total other income (expenses), net	<u>1,028,192</u>	<u>(527,262)</u>
Net income (loss)	977,712	(859,643)
Less: net income (loss) attributable to the noncontrolling interest	<u>(28,019)</u>	<u>475,833</u>
Net income (loss) attributable to stockholders	\$ <u>949,693</u>	\$ <u>(383,810)</u>
Earnings per share		
Basic:		
Basic earnings (loss) per common share	\$ 0.02	\$ (0.01)
Weighted average common shares outstanding	54,815,116	74,865,355
Diluted:		
Basic earnings per common share	\$ ----	\$ N/A
Weighted average common shares outstanding	1,374,477,616	N/A

The accompanying notes are an integral part of these Consolidated Financial Statements.

Nexia Holdings, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Subscription Receivable	Accumulated Other Comprehensive Income	Non- controlling Interest	Total Stockholders' Deficit
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>						
Balance, December 31, 2011	151,000	\$ 151	15,000,000	\$ 15,000	1,990,036	\$ 1,990	71,991,251	\$ 7,199	\$ 36,602,137	\$ (37,522,090)	\$ ----	\$ (17,117)	\$ (305,499)	\$ (1,218,230)
Series C preferred shares converted to common	----	----	----	----	(3,154)	(3)	3,428,261	343	(340)	----	----	----	----	----
Series C preferred returned in exchange of release of services.....	----	----	----	----	(10,000)	(10)	----	----	10	----	----	----	----	----
Change in Green Endeavors ownership	----	----	----	----	----	----	----	----	----	----	----	----	(108,759)	(108,759)
Beneficial conversion feature of subsidiary convertible note payable	----	----	----	----	----	----	----	----	32,143	----	----	----	----	32,143
Subsidiary preferred shares returned and cancelled from collateral pursuant to Landis II facility lease agreement	----	----	----	----	----	----	----	----	(250,000)	----	----	----	----	(250,000)
Subsidiary stock granted for services	----	----	----	----	----	----	----	----	103,658	----	----	----	----	103,658
Conversion of note payable to subsidiary common shares	----	----	----	----	----	----	----	----	200,277	----	----	----	----	200,277
Other Comprehensive Income adjustment	----	----	----	----	----	----	----	----	----	----	----	(90)	----	(90)
Net loss for the year ended December 31, 2012	----	----	----	----	----	----	----	----	----	(383,810)	----	----	(475,833)	(859,643)
Balance, December 31, 2012	151,000	151	15,000,000	15,000	1,976,882	1,977	75,419,512	7,541	36,687,885	(37,905,900)	----	(17,027)	(890,091)	(2,100,464)
Series C preferred shares issued for cash	----	----	----	----	40,000	40	----	----	49,960	----	----	----	----	50,000
Series C preferred and common shares returned in exchange of "Revel Entertainment" name.....	----	----	----	----	(140,000)	(140)	(30,000,000)	(3,000)	3,140	----	----	----	----	----
Subsidiary preferred shares issued for services to employees	----	----	----	----	----	----	----	----	160,000	----	----	----	----	160,000
Issuance of additional shares by a subsidiary for cash.....	----	----	----	----	----	----	----	----	50,000	----	----	----	----	50,000

The accompanying notes are an integral part of these Consolidated Financial Statements.

Nexia Holdings, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Subscription Receivable	Accumulated Other Comprehensive Income	Non- controlling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Series C preferred shares cancelled in exchange for return of non-marketable securities.....	----	----	----	----	(179,000)	(179)	----	----	(999,821)	----	----	----	----	(1,000,000)
Other Comprehensive Income adjustment.....	----	----	----	----	----	----	----	----	----	----	----	430	----	430
Net income for the year ended December 31, 2013.....	----	----	----	----	----	----	----	----	----	949,693	----	----	28,019	977,712
Balance, December 31, 2013.....	<u>151,000</u>	<u>\$ 151</u>	<u>15,000,000</u>	<u>\$ 15,000</u>	<u>1,697,882</u>	<u>\$ 1,698</u>	<u>45,419,512</u>	<u>\$ 4,541</u>	<u>\$ 36,010,060</u>	<u>\$ (36,956,207)</u>	<u>\$ ----</u>	<u>\$ (16,597)</u>	<u>\$ (862,072)</u>	<u>\$ (1,803,426)</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Nexia Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Years Ended	
	December 31, 2013	December 31, 2012
Cash Flows from Operating Activities:		
Net income (loss).....	\$ 977,712	\$ (872,165)
Adjustments to reconcile net loss to net cash provided by operating activities:		
(Gain) loss on derivative liability fair value adjustment.....	(155,914)	94,850
Depreciation and amortization.....	154,952	149,656
Amortization of Film Costs	197,642	214,948
Loss contingency	- - -	46,500
(Gain) loss on sale of investments (see Note 4)	(1,000,000)	- - -
Gain on forgiveness of non-related party convertible debt.....	(66,100)	- - -
Amortization of debt discount	29,631	165,962
Stock issued by a subsidiary for services	160,000	- - -
Write-off of investment securities	- - -	130
Stock issued by a subsidiary for compensation	- - -	71,775
Gain on sale of fixed assets	- - -	(5,822)
Debt issued for services	- - -	75,000
Other non-cash items	- - -	(87,760)
Changes in operating assets and liabilities:		
Accounts receivable.....	59,293	(291,585)
Inventories	(15,667)	(19,180)
Prepaid expenses.....	8,919	(2,675)
Other assets.....	4,743	(1,446)
Accounts payable and accrued liabilities.....	(148,488)	577,771
Deferred revenue	2,021	3,986
Deferred rent expense	76,465	37,035
Net cash provided by operating activities	<u>285,209</u>	<u>156,980</u>
Cash Flows from Investing Activities:		
Purchases of property, plant & equipment	(26,612)	(198,100)
Collection of principal on note receivable.....	- - -	27,659
Net cash used in investing activities	<u>(26,612)</u>	<u>(170,441)</u>
Cash Flows from Financing Activities:		
Payments made on capital leases.....	(15,526)	(7,554)
Payments made on notes payable	(102,355)	(160,749)
Payments made on notes payable, related parties.....	(60,802)	(25,419)
Payments made on convertible notes payable	(50,000)	
Proceeds from issuance of preferred and common stock	50,000	
Proceeds from issuance of subsidiary stock	50,000	23,985
Proceeds from related-party notes payable.....	- - -	25,000
Proceeds from issuance of notes payable	38,160	147,739
Proceeds from issuance of convertible notes payable	- - -	62,500
Net cash provided by (used in) financing activities	<u>(90,523)</u>	<u>65,502</u>
Increase in cash	168,074	261,322
Cash at beginning of period.....	<u>261,322</u>	<u>209,281</u>
Cash at end of period.....	<u>\$ 429,396</u>	<u>\$ 261,322</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

NOTE 1 – ORGANIZATION

Organization and Nature of Operations

Nexia Holdings, Inc. (“Nexia”) was incorporated under the laws of the State of Colorado on April 20, 1987 as Metropolitan Acquisition Corporation. On October 5, 2000, Nexia merged with a Nevada corporation with the same name, effectively changing its state of domicile from Colorado to Nevada. Nexia later changed its state of incorporation to Utah. Nexia is a holding company of a number of subsidiary companies.

Nexia’s operating subsidiaries during the year ending December 31, 2013 include the following:

- Downtown Development Corporation (“DDC”);
- Wasatch Capital Corporation (“WCC”);
- Diversified Management Solutions, Inc. (“DMS”);
- Green Endeavors, Inc. (“Green”);
 - Landis Salons, Inc. (“Landis”);
 - Landis Salons II, Inc. (“Landis II”); and
 - Landis Experience Center, LLC. (“LEC”)
- WG Productions Company. (“WG”)
- Redline Entertainment, Inc. (“Redline”)

During 2012 Style Perfect, Inc. transferred its assets to Nexia. The final operations have been included in these financial statements through the date the assets were transferred.

Diversified Holdings I, Inc. (“DHI”), a Nevada corporation, was a 100% owned subsidiary of Nexia. DHI was formed on March 22, 1996. During 2011 Nexia divested its ownership of DHI. On December 30, 2011, DHI transferred its ownership in Downtown Development Corporation, Wasatch Capital Corporation, and Style Perfect, Inc. in satisfaction of debt DHI owed to Nexia as of that date.

Downtown Development Corporation (“DDC”) 1 100% owned subsidiary was incorporated by Nexia on November 30, 1999 in Utah as A-Z South State Corporation. On August 22, 2001, its name was changed to Downtown Development Corporation. DDC owns a 6,000 square foot property in Salt Lake City, Utah,.

Wasatch Capital Corporation (“WCC”), a Utah corporation, a 100% owned subsidiary, was incorporated on June 10, 1991. WCC owned a mixed use property in downtown Salt Lake City. The property was sold on November 1, 2008 to Bandaloops LLC. Nexia and subsidiaries are continuing as tenants of the purchaser. Nexia owned 100% of Wasatch common stock as of December 31, 2013.

Style Perfect, Inc., a Utah corporation, was incorporated February 15, 2008 for the purpose of operating the business known as Black Chandelier, a fashion and lifestyle design, manufacture and retail sales operation. It was a wholly owned subsidiary of Nexia. Style Perfect, Inc. discontinued operations in 2012 and subsequently disposed of and liquidated most assets. Nexia accepted remaining current assets for satisfaction of debt owed by Style Perfect, Inc. on December 31, 2012.

Green Endeavors, Inc. (“Green”), currently a Utah corporation, is a 55.98% owned and 61.25% controlled subsidiary of Nexia. Controlled percentage has been calculated using all potentially dilutive shares (see GRNE 10-k filed with the SEC on April 15, 2014). Green is a publicly traded corporation under the stock symbol GRNE.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

- Landis Salons, Inc. (“Landis”), a Utah corporation, was organized on May 4, 2005 for the purpose of operating an Aveda™ Lifestyle Salon. Landis is a wholly-owned subsidiary of Green Endeavors, Inc.
- Landis Salons II, Inc. (“Landis II”), a Utah corporation, was organized on March 17, 2010 for the purpose of opening a second Aveda™ Lifestyle Salon in the Marmalade area of Salt Lake City. Landis II is a wholly-owned subsidiary of Green Endeavors, Inc.
- Landis Experience Center, LLC (“LEC”), a Utah limited liability company, was organized in August, 2012 primarily for the purpose of selling Aveda™ retail products in the City Creek mall in downtown Salt Lake City. LEC is a wholly-owned subsidiary of Green Endeavors, Inc.

WG Productions Company (“WG”), a 100% owned subsidiary of Nexia, a Utah corporation, was incorporated on August 6, 2009, as Revel Entertainment, Inc. In May 2013, its name was changed to WG Productions Company. WG was formed to produce films for its own account and for third parties. Nexia purchased WG for 200,000 Series C preferred stock valued at \$1,000,000.

Redline Entertainment, Inc. (“Redline”), a Utah corporation, was incorporated on April 15, 2010. Redline is a wholly-owned subsidiary of Nexia and was incorporated to license the foreign distribution rights of films produced by WG and third parties production companies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Nexia Holdings, Inc. and its subsidiaries after elimination of intercompany accounts and transactions. In addition, Nexia consolidates various entities for which it is deemed to be the primary beneficiary. Nexia’s controlling share of earnings or losses of subsidiaries is included in the consolidated operating results using the equity method of accounting.

Nexia consolidates entities under control and records a noncontrolling interest for the portions not owned by Nexia. Control is determined, where applicable, by the sufficiency of equity invested and the rights of the equity holders, and by the ownership of a majority of the voting interests, with consideration given to the existence of approval or veto rights granted to the minority shareholder. If the minority shareholder holds substantive participating rights, it overcomes the presumption of control by the majority voting interest holder. In contrast, if the minority shareholder simply holds protective rights (such as consent rights over certain actions), it does not overcome the presumption of control by the majority voting interest holder.

The consolidated balance sheets as of December 31, 2013 and 2012 and the consolidated statements of operations and cash flows for the periods presented have been prepared by Nexia and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows for all periods presented have been made.

Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business.

Use of Estimates

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Investments with original maturities of three months or less at the time of purchase are considered cash equivalents. As of December 31, 2013 and 2012, Nexia had no cash equivalents.

Inventory

Inventory consists of items held for resale and is carried at the lower of cost or market. Nexia's inventory consists of hair care products in its salon operations. Cost is determined using the first-in, first-out ("FIFO") method. Market is determined based on the estimated net realizable value, which generally is the merchandise selling price. Inventory levels are reviewed in order to identify slow-moving merchandise and damaged items and markdowns are used to clear merchandise.

Film Costs

All direct negative film costs incurred in the physical production of a film are capitalized and included separately on the Balance Sheet as Film costs. Direct negative film costs include costs of story and scenario; compensation of cast, directors, producers, extras, and miscellaneous staff; costs of set construction and operations, wardrobe, and accessories; costs of sound synchronization; rental facilities on location; and postproduction costs, such as music, special effects and editing. The costs incurred for significant changes shall be added to film costs and subsequently charged to expense when the related revenue is recognized.

Amortization of film costs begin when a film is released and it begins to recognize revenue from that film. The film costs are amortized using the individual-film-forecast-computation method, which amortizes film costs in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year.

Ultimate revenue to be included in the denominator of the individual-film-forecast-computation method fraction shall include estimates of revenue that is expected to be recognized from the exploitation, exhibition, and sale of a film in all markets and territories.

See FASB Accounting Standards Codification ("ASC") Topic 926-20-35.

Property and Equipment

Property and equipment are stated at cost. Expenditures that materially increase the life of the assets are capitalized. Ordinary maintenance and repairs are charged to expense as incurred. When assets are sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized at that time. All capital leases are added to the property and equipment and depreciated over the life of the assets. Depreciation is computed on the straight-line method over the following useful lives:

Buildings	39 years
Computer equipment and related software	3 years
Leasehold improvements	Shorter of the lease term or the estimated useful life
Furniture, equipment and fixtures	3-10 years
Vehicles	5 years

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

When commercial buildings are sold, the net depreciated basis is deducted from the net cash and other consideration received and the difference is reported as a net gain or loss.

The following is a summary of Nexia's Property and equipment by major category as of December 31, 2013

	Cost	Accumulated Depreciation	Net
Computer equipment and related software.....	\$ 78,663	\$ (73,602)	\$ 5,059
Leasehold improvements	625,004	(336,023)	288,981
Furniture and fixtures.....	48,844	(45,865)	2,979
Leased equipment	76,298	(23,543)	52,755
Equipment	232,275	(158,528)	73,747
Vehicle	48,193	(25,818)	22,375
Building and Improvements	730,149	(232,736)	497,413
Land	467,220	----	467,220
Signage.....	25,154	(8,310)	16,844
Total	<u>\$ 2,331,789</u>	<u>\$ (904,425)</u>	<u>\$ 1,427,373</u>

The following is a summary of Nexia's Property and equipment by major category as of December 31, 2012

	Cost	Accumulated Depreciation	Net
Computer equipment and related software.....	\$ 77,238	\$ (70,276)	\$ 6,962
Leasehold improvements	624,154	(262,146)	362,008
Furniture and fixtures.....	46,254	(41,935)	4,319
Leased equipment	70,256	(8,475)	61,781
Equipment	211,905	(134,564)	77,341
Vehicle	48,193	(18,933)	29,260
Building and Improvements	728,770	(207,594)	521,176
Land	467,220	----	467,220
Signage.....	25,154	(5,550)	19,604
Total	<u>\$ 2,299,144</u>	<u>\$ (749,473)</u>	<u>\$ 1,549,671</u>

Fair Value of Financial Instruments

On a quarterly basis, Nexia measures at fair value its available-for-sale securities. Inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Nexia's market assumptions. These two types of inputs have created the following fair-value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets;
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires Nexia to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value.

The fair value of Nexia's cash, short-term investments, receivables and accounts payable approximate their carrying value due to the short-term nature of these instruments. The fair market values of Nexia's long-term investments approximate their carrying values based upon current market rates of interest.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

Investments in Equity Securities

Marketable Securities

Nexia considers all of its investments in marketable securities as available-for-sale. Available-for-sale securities are stated at fair value, with the unrealized gains and losses presented net of tax and reported as a separate component of Stockholders' deficit. Realized gains and losses are determined using the specific identification method. Gains are recognized when realized and are recorded in the Consolidated Statements of Operations as Other income. Losses are recognized as realized or when Nexia has determined that an other-than-temporary decline in fair value has occurred.

Non-Marketable Securities

Nexia uses either the cost or the equity method of accounting to account for its long-term, non-marketable investment securities. If Nexia determines that an other-than-temporary decline exists in a non-marketable equity security, Nexia writes down the investment to its fair value and records the related write-down as an investment loss in the Consolidated Statements of Operations.

Impairment of Long-Lived Assets

Nexia's long-lived assets consist of property, plant, and equipment and other intangible assets, excluding goodwill. Nexia recognizes impairment losses as the difference between historical cost and fair value of the asset, less costs to sell, when management determines that events and circumstances indicate a need to assess impairment, and when that assessment indicates that historical cost materially exceeds fair value, less costs to sell. There was no impairment expense of long-lived assets for the years ended December 31, 2013 and 2012.

Basic and Diluted Income (Loss) per Common Share

Nexia computes net income (loss) per common share by dividing the net income (loss) available to common stockholders for the period by the weighted average number of common and potentially dilutive shares during the specified period. The calculation of diluted net income (loss) per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive. For the year ended December 31, 2013, diluted earnings per common share amounted to \$0.0007. For the year ended December 31, 2012, potential common shares were excluded from the computation of diluted loss per share because their effect would be anti-dilutive. There were 3,866,876,783 such potentially dilutive shares excluded as of December 31, 2012.

Goodwill

Nexia conducts a goodwill impairment analysis annually and as necessary if changes in facts and circumstances indicate the fair value may be less than its carrying amount.

Deferred Revenue

Deferred revenue arises when customers pay for products and/or services in advance of revenue recognition. Nexia's deferred revenue consists solely of unearned revenue associated with the purchase of gift certificates for which revenue is recognized only when the service is performed or the product is delivered.

Revenue Recognition

Nexia recognizes revenue from its three main sources of revenue as follows:

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

Sales – Salon

Revenue from sale of services and products is recognized at the date the services are provided, or when the products are delivered to the customer.

Rental Revenue

Rental revenue is recorded in the period in which it is earned in accordance with rental agreements and lease contracts. Rent payments are typically due by the first of each month.

Film Revenue

Film revenue is recorded in the period in which it is earned in accordance with film commission agreements and contracts. Film commissions are typically due when a distributor has executed a distribution contract and received notice of delivery of materials. See FASB Accounting Standards Codification (“ASC”) Topic 926-605 and Accounting Standards Update (“ASU”) 2011-04.

Advertising and Promotional Expense

Nexia expenses advertising costs as incurred. Advertising expense was \$98,012 and \$96,840 for the years ended December 31, 2013 and 2012, respectively.

Stock-based Compensation

Nexia recognizes the cost of employee services received in exchange for awards of equity instruments as stock-based compensation expense. Stock-based compensation expense is measured at the grant date based on the value of the restricted stock award, option or purchase right and is recognized as expense, less expected forfeitures, over the requisite service period, which typically equals the vesting period. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The fair value of each restricted stock issuance is determined using the fair value of Nexia’s common stock on the grant date.

Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the following:

- Expected volatility of our stock;
- Expected term of stock options;
- Risk-free interest rate for the period;
- Expected dividends, if any; and
- Expected forfeitures.

The computation of the expected volatility assumption used in the Black-Scholes option pricing model for new grants is based on implied volatility when the remaining maturities of the underlying traded options are at least one year and, when the remaining maturities of the underlying traded options are less than one year, it is based on an equal weighting of historical and implied volatilities.

When establishing the expected life assumption, Nexia reviews annual historical employee exercise behavior with respect to option grants having similar vesting periods. The risk-free interest rate for the period within the expected term of the option is based on the yield of United States Treasury notes in effect at the time of grant. Nexia has not historically paid dividends, thus the expected dividends used in any calculations are zero. Judgment is required in estimating the amount of stock-based awards that Nexia expects to be forfeited. Nexia calculates an expected forfeiture rate for stock options issuances based on historical trends.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
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The valuation of all options, including the expected life and forfeiture rates of stock options, are calculated based on one employee pool because there is no significant difference in exercise behavior between classes of employees.

Options granted by Nexia are most often exercised immediately after the grant date. Consequently, Nexia has determined the fair value of the options based on the market price of Nexia's stock on the date of grant.

As of December 31, 2013 and 2012, Nexia had no outstanding options or warrants to purchase shares of its common stock.

Income Taxes

Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Also, Nexia's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

As of December 31, 2013 and 2012, Nexia's deferred tax assets, which are solely related to net operating losses, have been fully offset by a valuation allowance.

Noncontrolling Interest in Subsidiary

On January 1, 2009, Nexia adopted new accounting guidance which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The new guidance also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest and requires disclosure, on the face of the consolidated statement of operations, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. In addition, it establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that does not result in deconsolidation and requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated unless the deconsolidation is an in-substance sale of real estate.

The new guidance on noncontrolling interests was required to be applied prospectively after adoption, with the exception of the presentation and disclosure requirements, which were applied retrospectively for all periods presented. As a result, Nexia reclassified noncontrolling interests to permanent equity in the accompanying consolidated balance sheets.

Recent Accounting Pronouncements

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on Nexia's consolidated financial position, results of operations or cash flows upon adoption.

NOTE 3 – GOING CONCERN

Nexia'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. Nexia has incurred a cumulative deficit through December 31, 2013 of \$36,963,212. In addition, Nexia has defaulted on several of its liabilities. These matters raise substantial doubt about Nexia's ability to continue as a going concern.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

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

- Increase retail sales of Landis Salons, Inc.;
- Open new salon locations;
- Increasing revenues from rental properties by implementing new marketing programs;
- Making improvements to certain rental properties in order to make them more marketable;
- Reduce expenses through consolidating or disposing of certain subsidiary companies;
- Convert certain debt into shares of Nexia's common stock; and
- Purchasing revenue-producing real estate.

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

NOTE 4 – FINANCIAL INSTRUMENTS

Marketable Securities

Nexia considers all of its investments in marketable equity securities as available-for-sale. Available-for-sale equity securities are stated at fair value, with the unrealized gains and losses presented net of tax and reported as a separate component of Stockholders' deficit. Realized gains and losses are determined using the specific identification method. Gains are recognized when realized and are recorded in the Consolidated Statements of Operations as Other income (expense), net. Losses are recognized as realized or when Nexia has determined that an other-than-temporary decline in fair value has occurred.

On a quarterly basis, Nexia measures its available-for-sale securities at fair value. The fair value of financial assets was determined using the following levels of inputs as of December 31, 2013

<u>Assets</u>	<u>Fair Value Measurements as of December 31, 2013:</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Available-for-sale securities.....	\$ <u>1,151</u>	\$ <u>1,151</u>	\$ <u>----</u>	\$ <u>----</u>
Total	\$ <u>1,151</u>	\$ <u>1,151</u>	\$ <u>----</u>	\$ <u>----</u>

On a quarterly basis, Nexia measures its available-for-sale securities at fair value. The fair value of financial assets was determined using the following levels of inputs as of December 31, 2012

<u>Assets</u>	<u>Fair Value Measurements as of December 31, 2012:</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Available-for-sale securities.....	\$ <u>720</u>	\$ <u>720</u>	\$ <u>----</u>	\$ <u>----</u>
Total	\$ <u>720</u>	\$ <u>720</u>	\$ <u>----</u>	\$ <u>----</u>

It is Nexia's policy to review the fair value of these marketable equity securities on a regular basis to determine whether its investments in these companies are other-than-temporarily impaired. This evaluation includes, but is not limited to, reviewing each company's cash position, financing needs, earnings or revenue outlook, operational performance, management or ownership changes and competition. If Nexia believes the carrying value of an investment is in excess of its fair value, and this difference is other-than-temporary, it is Nexia's policy to write down the investment to reduce its carrying value to fair value. These impairments are included in Other income (expense), net in the Consolidated Statement of Operations. Nexia did not recognize an other-than-temporary impairment of its available-for-sale equity securities during the years ended December 31, 2013 and 2012.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

Non-Marketable Securities

Nexia uses either the cost or equity method of accounting to account for its long-term, non-marketable investment securities. Nexia did not realize any gains on the sale of non-marketable investments during the years ending December 31, 2013 and 2012. If Nexia determines that an other-than-temporary decline exists in a non-marketable equity security, Nexia writes down the investment to its fair value and records the related write-down as an investment loss in the Consolidated Statements of Operations. As of December 31, 2013 and 2012, the non-marketable securities were \$0. There was a write-down due to other-than-temporary declines in the amount of \$2,000,000 during the year ended December 31, 2011. The securities written down have subsequently been exchanged back for the original consideration given. This has resulted in a gain on sale of securities, but is a non-cash gain.

	December 31, 2013	December 31, 2012
Non-marketable securities – Application of cost method, net.....	\$ - - - -	\$ - - - -
Total Non-marketable securities.....	\$ - - - -	\$ - - - -

NOTE 5 – INVENTORY

Nexia's inventory consists of finished good products that is held for resale at all locations or that is used for the services provided by the two salons. Inventory is carried at the lower of cost or market. As of December 31, 2013 and 2012, inventory amounted to \$144,317 and \$128,650, respectively.

Nexia calculates its inventory on a first-in, first-out basis. Below shows the inventory broken out by class:

	December 31, 2013	December 31, 2012
Raw materials.....	\$ - - - -	\$ - - - -
Work in process	- - - -	- - - -
Finished goods	144,317	128,650
Total inventory	\$ 144,317	\$ 128,650

NOTE 6 – NOTES RECEIVABLE

A summary of notes receivable as of December 31, 2013 and 2012, is as follows:

	Interest Rate	Maturity Date	December 31, 2013	December 31, 2012
Bandaloops, LLC	- - - -	05/01/21	\$ 168,531	\$ 168,281
Total.....			168,531	168,281
Less: current portion of notes receivable.....			- - - -	- - - -
Total long-term portion of notes receivable			\$ 168,531	\$ 168,281

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

NOTE 7 – NOTES PAYABLE AND CAPITAL LEASE COMMITMENTS

A summary of notes payable as of December 31, 2013 and 2012 is as follows:

<u>Notes Payable:</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Note payable due to an individual	11.00%	02/27/16	\$ 30,858	\$ 42,279
Note payable due to a corporation	3.25%	08/01/15	33,439	53,690
Note payable due to a corporation	10.00%	05/12/08	171,000	171,000
Note payable due to a corporation	5.00%	09/01/17	38,644	47,785
Note payable due to a corporation	10.00%	06/01/08	214,177	214,177
Note payable due to a partnership	8.00%	07/21/12	38,473	40,973
Note payable due to a bank	2.69%	12/05/14	10,920	20,410
Note payable due to a bank	6.50%	05/23/21	588,840	600,731
Note payable due to a corporation	20.00%	05/17/07	250,000	250,000
Total notes payable			1,376,351	1,441,045
Less: current portion of notes payable			(525,575)	(524,314)
Total long-term portion of notes payable			\$ 850,776	\$ 916,731

A summary of convertible notes payable as of December 31, 2013 and 2012 is as follows:

<u>Convertible Notes Payable:</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Note payable due to a corporation (1)	8.00%	03/16/12	----	3,000
Note payable due to a corporation (1)	8.00%	04/25/12	----	25,000
Note payable due to a corporation (1)	8.00%	09/12/12	----	22,500
Note payable due to a corporation (1)	8.00%	11/06/12	----	45,500
Note payable due to a partnership	----	02/28/13	75,000	75,000
Note payable due to a corporation	8.00%	08/17/14	35,000	35,000
Note payable due to an individual	8.00%	06/27/13	25,000	25,000
Debt discount – convertible notes, net			(10,979)	(38,105)
Total, net			124,021	189,895
Less: current portion of notes payable			(124,021)	(183,374)
Total long-term portion of notes payable			\$ -----	\$ 6,521

(1) These notes were paid in full on October 11, 2013.

A summary of capital lease commitments as of December 31, 2013 and 2012 is as follows:

<u>Lease Commitments:</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Capitalized lease for equipment with monthly payments of \$1,535, secured by the equipment.	16.96%	04/23/16	\$ 35,289	\$ 46,651
Capitalized lease for equipment with monthly payments of \$128, secured by the equipment.	10.90%	02/25/18	5,139	----
Capitalized lease for equipment with monthly payments of \$485, secured by the equipment.	17.75%	09/05/16	12,589	15,851
Total lease commitments			53,017	62,502
Less: current portion of lease commitments			(18,367)	(14,624)
Total long-term portion of lease commitments			\$ 34,650	\$ 47,878

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

NOTE 8 – RELATED PARTIES

A summary of related party notes payable commitments as of December 31, 2013 and 2012 is as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Note payable due to Richard Surber, President and CEO of Nexia, with annual payments of \$50,000 plus accrued interest	24%	11/20/11	\$ 28,997	\$ 89,799
Note payable due to Richard Surber, President and CEO of Nexia, with monthly payments of \$662 plus accrued interest	20%	11/06/17	\$ 25,000	\$ 25,000
Total related party notes payable.....			53,997	114,799
Less: current portion of related party notes payable.....			(53,997)	(93,333)
Total long-term portion of related party notes payable ..			\$ <u>-----</u>	\$ <u>21,466</u>

NOTE 9 – LEASE COMMITMENTS

Operating Leases

Facilities are leased under operating leases expiring at various dates through 2020. Certain of these leases contain renewal options. Rental expense for the years ending December 31, 2013 and 2012, was \$216,789 and \$232,247, respectively.

Landis has signed a ten year lease agreement for its Salt Lake salon location until September 30, 2015. Landis II has signed a ten year lease agreement for its Marmalade salon location until September 30, 2020. Nexia also has commitments on operating leases for equipment used in product production or office use. Future payments for maintenance, insurance and taxes to which Nexia is obligated are excluded from minimum lease payments.

As of December 31, 2013, future minimum lease payments under non-cancelable operating leases were as follows:

For the fiscal years ending December 31:	<u>Operating Leases</u>
2014	\$ 198,859
2015	188,415
2016	131,741
2017	137,801
2018	145,575
Thereafter	203,149
Total lease payments	\$ <u>1,005,540</u>

Capital Leases

The following is a summary of the gross amount of assets by class recorded under capital leases as of December 31, 2013 and 2012:

<u>Classes of Property</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Salon equipment	\$ 76,298	\$ 70,256

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

	December 31, 2013	December 31, 2012
<u>Capital leases payable outstanding as of:</u>		
Total, net.....	\$ 53,017	\$ 62,502
Less current portion	(18,368)	(14,624)
Long-term portion.....	\$ <u>34,650</u>	\$ <u>47,878</u>

As of December 31, 2013, future minimum lease payments under non-cancelable capital leases were as follows:

	Capital Leases
For the fiscal years ending December 31:	
2014	\$ 25,776
2015	25,776
2016	12,042
2017	1,539
2018	253
Thereafter	- - - -
Total capital lease payments	65,387
Less interest for the terms	(12,370)
Total, net	\$ <u>53,017</u>

NOTE 10 – REAL PROPERTY LEASES

Nexia owns one commercial building and two residential homes which it leases out. Lease agreements are generally five years for the commercial building and one year for the residential homes. Annual lease amounts generally increase each year. Commercial tenant leases include reimbursement to Nexia for allocated property taxes, insurance on the building and common area expenses.

NOTE 11 – EQUITY

Preferred Stock

Nexia is authorized to issue 50,000,000 shares of preferred stock with a par value of \$0.001 per share. The Preferred Stock can be issued in various series with varying dividend rates and preferences.

As of December 31, 2013, the number of shares of Series A Convertible Preferred Stock issued and outstanding was 151,000 shares. The Series A Preferred shares have voting rights equal to 100 shares of common stock for every 1 Series A Preferred share, and it may be converted into \$10 worth of common stock. A total of 10,000,000 shares have been designated and authorized as Series A Preferred Stock.

As of December 31, 2013, the number of shares of Series B Convertible Preferred Stock issued and outstanding was 15,000,000. The Series B preferred stock holds voting rights equal to 500 shares of common stock for each share of the Series B Preferred Stock issued. The shares do not have any conversion rights into common stock or any other class of stock of Nexia. A total of 20,000,000 shares have been designated and authorized as Series B Preferred Stock.

On February 28, 2013, Nexia issued 40,000 shares of Series C Preferred stock for \$50,000 in cash.

On May 13, 2013, the Board of Directors approved an agreement whereby Nexia changed the name of Revel Entertainment, Inc. to WG Productions Company and released the use of “Revel Entertainment” to Benjamin Gourley in exchange for the return and cancellation of 140,000 shares of Series C Preferred stock and 30,000,000 shares of common stock which Gourley held. The shares of common and Series C Preferred stock were cancelled and returned to Nexia.

Nexia Holdings, Inc.
Notes to Consolidated Financial Statements Continued
(Unaudited)

On December 10, 2013, the Board of Directors approved the settlement of a stock exchange agreement executed in March 2009 whereby Nexia issued 200,000 shares of Series C Preferred stock valued at \$1,000,000 in exchange for 100,000 shares of Series A Preferred stock of 1st Global Financial. The 100,000 Series A Preferred stock was returned, and 179,000 shares of Nexia Series C Preferred stock were cancelled and returned to Nexia.

As of December 31, 2013, the number of shares of Series C Preferred Stock issued and outstanding was 1,697,882. The Series C Preferred shares may be converted into \$5.00 worth of common stock and are subject to redemption by Nexia upon a \$5.00 cash payment. The Series C Preferred shares hold voting rights equal to 1 share of common stock for every 1 Series C Preferred share. A total of 5,000,000 shares have been designated and authorized as Series C Preferred Stock.

Common Stock

Nexia was authorized as of December 31, 2013, to issue 25 billion shares of common stock with a par value of \$0.0001 per share. As of December 31, 2013 and December 31, 2012, the number of common shares issued and outstanding were 45,419,512 and 75,419,512, respectively. The common stock holds voting rights of one vote per share. It has no dividend or preemptive rights.

NOTE 12 – SUBSEQUENT EVENTS

On March 26, 2014, the Company cancelled a stock exchange agreement with Seamless Corporation entered into in March 2009 and returned shares obtained. This resulted in a gain of \$1,000,000 as the Seamless shares were fully impaired in 2011.

Nexia has evaluated subsequent events through July 25, 2014, which is the date the financial statements were issued.

Item 14: Beneficial Owners

The following table sets forth certain information concerning the ownership of the Company's common stock as of July 25, 2014, with respect to: (i) each person known to the Company to be the beneficial owner of more than five percent of the Company's common stock; (ii) all directors; and (iii) directors and executive officers of the Company as a group. The notes accompanying the information in the table below are necessary for a complete understanding of the figures provided below. As of July 25, 2014, there were 45,519,512 shares of common stock issued and outstanding. All numbers reflect a 1 for 2,000 reverse split of the common stock that was effective as of February 23, 2010.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Preferred Series "B" Stock (\$0.001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	15,000,000 ⁽²⁾	100%
Preferred Series "A" Stock (\$0.001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	145,000 ⁽³⁾	96.0%
Common Stock (\$0.0001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	19,301 Indirect ⁽¹⁾	<0.1%
Common Stock (\$0.0001 par value)	Richard Surber, President & Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101	5,250,005	11.88%
Common Stock (\$0.0001 par value)	Directors and Executive Officers as a Group	5,269,306	11.60%

⁽¹⁾ Richard Surber may be deemed a beneficial owner of 19,301 share of the Company's common stock by virtue of his position as an officer and director of Diversified Holdings X, Inc. (19,301 post-reverse shares).

⁽²⁾ Series "B" preferred stock has voting rights of 500 to 1 of the common stock; these shares give Mr. Surber 7,500,000,000 votes in any shareholder vote and his personal vote of these shares may not always be exercised in the best interest of the balance of the common stock shareholders.

⁽³⁾ Series "A" preferred stock has voting rights of 100 to 1 of the common stock; these shares give Mr. Surber 15,000,000 votes in any shareholder votes and his personal vote of these shares may not always be exercised in the best interest of the balance of the common stock shareholders.

Item15: The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure.

1. Investment Banker: None
2. Promoters: None
3. Counsel: None
4. Accountant or Auditor:
 - a. Management: Management is responsible for the preparation of these financial statements.
 - b. Auditor: None
 - c. Tax accountant: Richard Smith, CPA
 - i. Address: 1336 East Millbrook Way, Bountiful Utah 84010.
 - ii. Telephone: 801-292-7613
 - iii. Services: Richard Smith, CPA provides all income tax preparation services.

5. Public Relations Consultant: None
6. Investor Relations Consultant: None
7. Any other advisor: None

Item 16: Management's Discussion and Analysis of Plan of Operation

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 this disclosure 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

The current operations of Nexia Holdings, Inc. ("Nexia" or the "Company") consist of three principal areas: (1) assisting with the development and production of film products (2) the operation of Landis Lifestyle Salons through Nexia's ownership interest in Green Endeavors, Inc. ("GRNE") and (3) the acquisition, leasing and selling of real estate. The following discussion examines Nexia's financial condition as a result of operations for the years ended December 31, 2013 and 2012.

Results of Operations

The following discussion examines our results of operations and financial condition based on our consolidated financial statements for the years ended December 31, 2013 and 2012.

Revenue

Years ended December 31, 2013 and 2012

Gross revenues for the years ended December 31, 2013, were \$4,523,418 as compared to \$4,238,677 for the same period in 2012. The increase in revenue for the year ended December 31, 2013 compared with the same period in 2012 was \$514,108, or 12.13%, is primarily due to an increase of \$213,566 in consulting revenue and an increase of \$298,990 in salon services revenue. The increase of \$116,498 in salon product revenue is offset by a decrease of \$30,309 in rental income and a decrease of \$84,637 in film distribution and commissions.

	Years Ended		
	December 31, 2013	December 31, 2012	Change
Services.....	\$ 2,628,120	\$ 2,329,130	\$ 298,990
Product.....	937,907	821,409	116,498
Rent.....	54,961	85,270	(30,309)
Film.....	799,488	884,125	(84,637)
Consulting.....	332,309	118,743	213,566
Total revenue.....	<u>\$ 4,523,418</u>	<u>\$ 4,238,677</u>	<u>\$ 514,108</u>

Costs and Expenses

Years ended December 31, 2013 and 2012

Costs of revenue for the year ended December 31, 2013, decreased to \$2,292,371 from \$2,300,529 for the year ended December 31, 2012, a decrease of \$8,158 or 4.93%. This decrease over the comparable annual periods is primarily attributable to an increase in efficiency of staff offset by an increase in product sales.

Cost of services for year ended December 31, 2013, decreased to \$1,790,050 from \$1,832,060 for the year ended December 31, 2012. Cost of products for the year ended December 31, 2013, increased to \$502,231 from \$468,469 for the year ended December 31, 2012. This increase over the comparable annual period is primarily attributable to an increase in efficiency of staff and an increase in product sales.

The following table shows general and administrative expense for the years ended December 31, 2013 and 2012:

	Years Ended		Change
	December 31, 2013	December 31, 2012	
Salaries and wages	\$ 671,049	\$ 843,850	\$ (172,801)
Rent.....	217,193	232,606	(15,413)
Advertising and promotional	98,012	96,840	1,172
Credit card merchant fees	50,317	47,416	2,901
Insurance.....	87,317	82,171	5,146
Utilities and telephone	70,434	61,162	9,272
Professional services.....	272,757	252,498	20,259
Repairs and maintenance	34,081	34,481	(400)
Finance charges	5,202	8,952	(3,750)
Office expense	86,726	60,983	25,743
Travel.....	21,705	26,627	(4,922)
Other	313,529	158,339	155,190
Total general and administrative expenses.....	\$ <u>1,928,322</u>	\$ <u>1,905,925</u>	\$ <u>22,397</u>

The increase in general and administrative expenses over the comparable annual periods is primarily due to increases in other expenses, which include delivery fees by Redline Entertainment to get the film materials to the distributor companies, professional services, and Office expenses, (which include small equipment) offset by the decrease in salaries and wages. Rent, advertising and promotional, credit card merchant fees, insurance, repairs and maintenance, finance charges, and travel are individually insignificant.

Depreciation and amortization expense for the year ended December 31, 2013, increased to \$155,564 from \$149,656 for the year ended December 31, 2012.

Film cost amortization expense for the year ended December 31, 2013, decreased to \$197,642 from \$214,948 for the year ended December 31, 2012

Other Expenses, net

Years ended December 31, 2013 and 2012

Other income (expenses), net for the year ended December 31, 2013, resulted in a gain of \$1,028,192 compared to total expenses of \$527,262 for the year ended December 31, 2012, an increase of \$1,555,454 or 295.01%. This increase over the comparable annual periods is primarily due to a \$1,000,000 gain on the sale of securities, a change of \$250,764 in the derivative fair value adjustment, an increase of \$58,392 in gain on forgiveness of debt, and a decrease of \$136,330 in interest related to debt discount and derivative liabilities.

Net Income (Losses)

Years ended December 31, 2013 and 2012

Net income for the year ended December 31, 2013, was \$977,712 compared to a net loss of \$859,643 for the year ended December 31, 2012, an increase of 213.73%. This increase is primarily due to an increase of \$1,000,129 of gain on sale of securities, an increase of \$250,764 relating to the debenture derivative liability, and a decrease of loss from operations of \$281,900.

Liquidity and Capital Resources

As of December 31, 2013 and December 31, 2012

We had a working capital deficit of \$2,590,220 as of December 31, 2013. Our current assets were \$991,403, which consisted of \$429,396 in cash, \$1,151 in short-term investments, \$416,539 in accounts receivable net of allowance for doubtful accounts, \$0 in prepaid expenses, and \$144,317 in inventory. Our total assets were \$3,177,776, which included \$1,427,373 in property and equipment (net), \$168,531 in notes receivable, \$350,176 in film costs, and \$240,293 in other assets. Our current liabilities were \$3,581,623, including \$2,605,196 in accounts payable and accrued liabilities, \$525,575 in current portion of notes payable, \$53,997 in current portion of notes payable, related party, \$18,367 in current portion of lease obligation \$63,830 in deferred revenue, \$99,021 in convertible notes, net, and \$55,099 in derivative liabilities. Our long-term liabilities were \$1,513,074 which included \$850,776 in long-term portion of notes payable, \$34,650 in long-term portion of lease obligations, \$25,000 in long-term convertible notes, and \$489,148 in convertible debentures, net. Our total stockholders' deficit at December 31, 2013, was \$1,803,421.

Cash Flows from Operating Activities

Cash flows from operating activities include net loss, adjusted for certain non-cash charges, as well changes in the balances of certain assets and liabilities.

Years ended December 31, 2013 and 2012

Net cash provided by operating activities for the year ended December 31, 2013, was \$285,209 as compared to \$156,980 for the year ended December 31, 2012. The increase in cash provided by operating activities over the comparable periods is primarily due to collection of accounts receivable.

We expect to increase cash provided by operating activities over the next twelve months by executing the individual business strategies of our subsidiaries which include, increasing operational efficiencies, reduce discretionary spending and producing more films and events.

Cash Flows from Investing Activities

Years ended December 31, 2013 and 2012

Cash flow used in investing activities for the year ended December 31, 2013, was \$26,612 as compared to \$170,441 for the year ended December 31, 2012. The decrease in cash flows used in investing activities is primarily due to a decrease in the purchases of property, plant, and equipment of \$171,488 partially offset by a decrease of \$27,659 of proceeds from the collection of principle on note receivable.

We expect to continue our investing activities, including purchasing both property and equipment for an additional salon location and making both short and long-term equity investments.

Cash Flows from Financing Activities

Years ended December 31, 2013 and 2012

Cash flows used in financing activities for the year ended December 31, 2013, was \$90,253 as compared to cash flows provided by financing activities of \$65,502 for the year ended December 31, 2012. The transition from cash flows used in financing activities over the comparable period is due to a decrease in proceeds from the issuance of notes payable and convertible notes payable partially offset by a decrease in payments made on notes payable and an increase in payments made on related party notes payable in the current period.

Other Factors Affecting Liquidity and Capital Resources

We have insufficient current assets to meet our current liabilities due to negative working capital of \$2,590,220 as of December 31, 2013. Historically, we have funded our cash needs from a combination of revenues, carried payables, sales of equity, and debt transactions. Since we are not currently realizing net cash flows from our business, we may need to seek financing to continue our operations. Prospective sources of funding could include shareholder loans, equity sales or loans from other sources though no assurance can be given that such sources would be available or that any commitment of support is forthcoming to date.

We do not intend to pay cash dividends in the foreseeable future.

We expect to purchase property or equipment for an additional salon location. We are currently seeking and analyzing equipment loans and capital leasing options to fund a significant portion of the equipment needed.

We expect to hire in the range of 20 to 30 stylists in the next 12 months to fully staff our operating salons, to staff an additional salon location, and 8-10 staff for our experience center. The operating funds needed to carry out this plan will be generated through equity or debt financing.

Going Concern

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

- Increase retail sales of Landis Salons, Inc.;
- Open new salon locations;
- Increasing revenues from rental properties by implementing new marketing programs;
- Making improvements to certain rental properties in order to make them more marketable;
- Reduce expenses through consolidating or disposing of certain subsidiary companies;
- Convert certain debt into shares of Nexia's common stock; and
- Purchasing revenue-producing real estate.

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

Impact of Inflation

We compensate some of our salon employees with percentage commissions based on sales they generate. Accordingly, this provides us certain protection against inflationary increases, as payroll expense is a variable cost of sales. In addition, we may increase pricing in our salons to offset any significant increases in wages and cost of services provided. Therefore, we do not believe inflation has had a significant impact on the results of our operations.

Off Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements.

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 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.

Part E: Issuance History

Item 17: List of securities offerings and shares issued for services in the past two years.

There were no commons stock issuances or grants of stock options during the years ended December 31, 2013 and 2012:

Part F: Exhibits

Item 18: Material Contracts.

None

Subsequent Events

On March 26, 2014 the Company cancelled a stock exchange agreement with Seamless Corporation entered into in March 2009 and returned shares obtained. This resulted in a gain of \$1,000,000 as the Seamless shares were fully impaired in 2011.

Item 19: Articles of Incorporation.

The following items are incorporated by reference from the Annual Report of Nexia Holdings, Inc. filed with Pink Sheets on July 14, 2009:

- Restated Articles of Incorporation of the Company
- Articles of Incorporation of Nexia Holdings, Inc. in Utah
- Plan of Merger and Share Exchange Agreement
- Bylaws of Nexia Holdings, Inc.

Item 20: Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None

Item 21: Issuer's Certifications

I, Richard D. Surber, certify that:

1. I have reviewed this disclosure statement for the years ended December 31, 2013 and 2012 of Nexia Holdings, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: July 25, 2014

/s/ Richard D. Surber

Richard D. Surber
President, CEO and Director