

Nexia Holdings, Inc.

ANNUAL REPORT
DECEMBER 31, 2009

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PART A -- GENERAL COMPANY INFORMATION

ITEM I. NAME OF ISSUER

Nexia Holdings, Inc.

ITEM II. ADDRESS OF 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: www.nexiaholdings.com

ITEM III. JURISDICTION AND DATE OF THE ISSUER'S INCORPORATION

Nexia was originally incorporate 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.

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PART B -- SHARE STRUCTURE

ITEM IV. TITLE AND CLASS OF SECURITIES OUTSTANDING

A. Common Stock -- The Company is authorized to issue 100,000,000,000 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 March 29, 2010, 43,425,409 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 December 31, 2009, 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 shares, and Joe Corso Jr. holds the remaining 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 Convertible 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.

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 of the 50,000,000 authorized as Series C Preferred Stock provides that the Series C shares will hold conversion rights into shares of the 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 holds one vote per share.

Dividends: The Company has not declared a cash dividend for the Series A Convertible Preferred Stock during the fiscal years ended December 31, 2007, 2008 or 2009. 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 V. PAR VALUE AND DESCRIPTION OF SECURITIES

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 VI. NUMBER OF SHARES OR TOTAL AMOUNT OF SECURITIES OUTSTANDING FOR EACH CLASS OF SECURITIES AUTHORIZED

| A. Common Stock | December 31, 2008 | December 31, 2009 |
|-----------------------------------|-------------------|-------------------|
| Shares authorized | 100,000,000,000 | 100,000,000,000 |
| Shares outstanding ⁽¹⁾ | 894,794 | 7,724,430 |
| Freely tradable shares | 55,587 | 7,255,914 |
| # of beneficial shareholders | 3 | 3 |
| # of shareholders of record | 25 | 31 |

⁽¹⁾ The shares have all been affected by the 1 for 2,000 reverse stock split effective February 23, 2010.

| B. Preferred Stock | December 31, 2008 | December 31, 2009 |
|------------------------------|-------------------|-------------------|
| Shares authorized | 50,000,000 | 50,000,000 |
| Class A | | |
| Shares outstanding | 150,000 | 151,000 |
| Freely tradable shares | 0 | 0 |
| # of beneficial shareholders | 2 | 2 |
| # of shareholders of record | 2 | 2 |
| Class B | | |
| Shares outstanding | 10,000,000 | 10,000,000 |
| Freely tradable shares | 0 | 0 |
| # of beneficial shareholders | 1 | 1 |
| # of shareholders of record | 1 | 1 |
| Class C | | |
| Shares outstanding | 1,541,106 | 2,569,623 |
| Freely tradable shares | 0 | 0 |
| # of beneficial shareholders | 1 | 1 |
| # of shareholders of record | 37 | 46 |

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PART C -- BUSINESS INFORMATION

ITEM VII. NAME AND ADDRESS OF TRANSFER AGENT

Standard Registrar & Transfer Company
12528 South 1840 East
Draper, Utah 84020

ITEM VIII. NATURE OF ISSUER'S BUSINESS

A. Business Development

Nexia's subsidiary, Green Endeavors, Ltd. controls Landis Salons, Inc., which operates hair salons that sells Aveda™ products exclusively. Nexia's subsidiaries currently own and operate a 7,000 square foot retail building and a several residential properties. All of these properties are located in the greater Salt Lake City, Utah area.

Nexia in the fourth quarter of 2009 acquired Revel Entertainment LLC in exchange for 200,000 shares of its Series C Convertible Preferred Stock. Revel's sole asset at that time was a script to an independent film that was valued at \$0. Nexia intends to develop a film library through acquiring the rights to various films or by creating, developing and producing them from inception. As of April 7, 2010, Revel held a minority interest in two independent films

B. Business of Issuer

Landis Salon

A subsidiary of Nexia, Green Endeavors, Ltd. currently owns 100% of Landis Salons, Inc. ("Landis") and 100% of Newby Salon LLC ("Newby"). Landis operates two Aveda™ lifestyle salons that feature Aveda™ products for retail sale. Nexia, subsequent to the end of the second quarter 2006, signed an agreement to acquire Mr. Surber's 60% ownership interest in Landis. As consideration for that acquisition, Nexia and Diversified Holdings I, Inc. delivered to Mr. Surber (1) a promissory note in the amount of \$250,000, bearing interest at the rate of 24% per annum, due in five annual payments, (2) issuance of 75,000 shares of Nexia's Class A Preferred Stock, and (3) issuance of 2,000,000 shares of Nexia's Class B Preferred Stock. A 5% interest was acquired from Seth Bullough in exchange for the issuance by Nexia of 5,000 shares of Class A Preferred Stock. Nexia purchased the second Aveda™ salon in the third quarter of 2007. The Company now owns 100% of Newby Salon, LLC, a Utah limited liability company that owns and operates a Landis Salon in Bountiful, Utah. Two salons currently operate under the Landis Salon brand. Additional information on the Landis Salons can be found on its website at www.landissalons.net.

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 ranging from \$16 to \$25 and the advanced hair salon from \$30

to \$75. The design of the studio is 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 7-9 times a year, spending an average of \$47 on services and purchasing \$15 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 Zazou and Salon RZ. 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.

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.

Revel Entertainment

Nexia intends to enter into the entertainment business through Revel Entertainment LLC (Revel). Revel was acquired by Nexia in exchange for the issuance of 200,000 shares of its Series C

Convertible Preferred Stock with a face value of \$1,000,000. Revel was formerly owned by Ben Gourley who will remain a managing member of Revel and will head up the operations of Revel. The entire value of the Series C shares issued to acquire Revel have been expensed in 2009.

Revel will rely heavily on the expertise of Ben Gourley who is a writer, director and producer of independent films. Revel currently has no employees and its operations at this time are limited to acquiring various films. No set criteria are in place to determine which films may be acquired by Revel.

Revel has completed the production of two independent films, but only holds a minority interest in each film as of the time of the filing of this Annual Report. Revel's operations will initial be limited to acquiring or developing interests in independent films.

The Company's SIC Code is 6510.

ITEM IX. NATURE OF PRODUCTS OR SERVICES OFFERED

Salon Operations

Through the operation of the salons currently open, the Company offers high quality hair care and other salon services 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.

Real Estate Operations

Nexia through its subsidiaries Downtown Development Corporation and Wasatch Capital Corporation leases both commercial and residential properties.

Entertainment Operations

Nexia through its Revel Entertainment subsidiary holds the rights to a minority interest in two independent films. Revel will be entitled to its pro rata share of income from the distribution of each film. Revel intends to acquire or produce additional films.

ITEM X. NATURE AND EXTENT OF ISSUER'S FACILITIES

Two salons current operate under the Landis Salon brand. They are located at 1298 South 900 East, Salt Lake City, Utah 84105 and 3379 South Orchard Drive, Bountiful, Utah 84101.

The lease for the Salt Lake City location was entered into by Landis, LLC, a predecessor of Landis Salons, Inc. on July 22, 2005. The lease is for a 4,000 square foot free standing commercial building with a preliminary term of five years, beginning October 1, 2005 and the lease provides for one five year extended term. Current monthly rent is in the amount of \$5,747 as of December 31, 2009. The Company is responsible for maintenance on the building and providing all janitorial services and utilities to the site. The lease is presently current and in good standing.

The lease for the Bountiful location was entered into by Newby Salons, LLC on August 16, 2005 for a 2,500 square foot commercial space in a strip-mall with a term of five years. Current monthly rent is \$4,117 plus \$609 in monthly common area maintenance fees. The property is leased and is not presently current, with \$41,595 owed as of January 31, 2010. Management is negotiating with the property owner to obtain a new lease with lower rental rates to enhance the ability of this location to operate on a positive cash flow basis.

Nexia and its subsidiaries corporate headquarters are located at 59 West 100 South, Salt Lake City, Utah 84101.

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PART D -- MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

ITEM XI. NAME OF CHIEF EXECUTIVE OFFICER, MEMBERS OF THE BOARD OF DIRECTORS, AS WELL AS CONTROL PERSONS

The following persons are officers and directors of Nexia as of the date of this prospectus:

| Name | Age | Position(s) and Office(s) |
|--------------------|-----|---------------------------|
| Richard Surber | 37 | President and Director |
| Adrienne Bernstein | 65 | Director |

Richard D. Surber, 37, 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 Ltd...

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.

Adrienne Bernstein, 65, was appointed to the Board of Directors in June 2002. Ms. Bernstein had previously been a director of Axia Group, Inc. from 1999 through 2001. From 1988 to 1994, Ms. Bernstein was the Assistant Director of Human Resources for the Love Stores, a chain of retail health and beauty stores. In this capacity, Ms. Bernstein was responsible for hiring and training all employees and for preparing management and employee seminars. Prior to her position with the Love Stores, Ms. Bernstein served as a Vice President for Leucadia National Corporation, a NYSE traded company specializing in finance, insurance and manufacturing. In this capacity, Ms. Bernstein's primary emphasis involved real estate management and sales activities.

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

No other person is expected to make a significant contribution to Nexia who is not identified in this prospectus as an executive officer or director of Nexia.

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 March 29, 2010, 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 March 29, 2010, there were 43,425,409 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 | 10,000,000 ⁽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⁾ | 94.8% |
| 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 | 5,000,000 | 11.5% |
| Common Stock (\$0.0001 par value) | Benjamin Gourley 638 South 700 West Orem, UT 84058 | 30,000,000 | 69.1% |
| Common Stock (\$0.0001 par value) | Adrienne Bernstein, Director 59 West 100 South, Second Floor Salt Lake City, Utah 84101 | 500 | >0.1% |
| Common Stock (\$0.0001 par value) | Directors and Executive Officers as a Group | 5,019,801 | 11.5% |

- ⁽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 5,000,000,000 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 14,500,000 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, 2008 and 2009, the Company has entered into the following related party transactions:

In 2007, 2008 and 2009, the President of the Company loaned \$76,227 as a short-term, interest-free advance for the purchase of inventory and operational expenses which remains outstanding as of December 31, 2009. In addition, \$71,498 of accrued interest was owed to the President of the Company as of December 31, 2009 for interest earned on past related party loans and \$551,473 on unpaid salaries. There are notes owed to the President of the Company totaling \$144,512 as of December 31, 2009.

E. Disclosure of Conflicts of Interest -- None.

ITEM XII & XIII. FINANCIAL INFORMATION FOR THE CURRENT AND PAST TWO YEARS

(This space has been left blank intentionally.)

NEXIA HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

| ASSETS | December 31, 2009 | December 31, 2008 |
|--|------------------------------------|------------------------------------|
| | <hr/> | <hr/> |
| CURRENT ASSETS | | |
| Cash | \$ 65,424 | \$ 103,637 |
| Investment in marketable equity securities - available for sale | 32,480 | 184,935 |
| Accounts receivable, trade and other - net of allowance for doubtful accounts of \$91,036 and \$91,036, respectively | 23,252 | 3,155 |
| Accounts receivable - employees and related parties | 6,000 | 98 |
| Accounts receivable - contingency | 2,000 | 17,882 |
| Notes receivable - net | 1,210,940 | 1,287,137 |
| Securities receivable | 1,000,000 | - |
| Inventory | 93,035 | 136,724 |
| Prepaid expenses | 695,851 | 3,105,037 |
| TOTAL CURRENT ASSETS | <hr/> 3,128,982 | <hr/> 4,838,605 |
| PROPERTY AND EQUIPMENT | | |
| Property and equipment, net of \$671,115 and \$468,265 of accumulated depreciation, respectively | 1,668,740 | 833,697 |
| Land | 158,345 | 64,645 |
| Property - held for sale, net | 652,176 | 1,362,950 |
| NET PROPERTY AND EQUIPMENT | <hr/> 2,479,261 | <hr/> 2,261,292 |
| OTHER ASSETS | | |
| Investments in non-marketable securities | 3,515,000 | - |
| Gas and oil royalties | 30,000 | - |
| Goodwill | 68,324 | 68,324 |
| Loan costs, net | 20,272 | 22,406 |
| Trademarks | 1,380 | 1,380 |
| TOTAL ASSETS | <hr/> \$ 9,243,219 | <hr/> \$ 7,192,007 |

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

| LIABILITIES AND STOCKHOLDERS' DEFICIT | December 31, | December 31, |
|--|---------------------|---------------------|
| | 2009 | 2008 |
| | <hr/> | <hr/> |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,020,978 | \$ 861,898 |
| Accounts payable - related parties | 137,627 | 79,374 |
| Accrued liabilities | 1,389,883 | 991,499 |
| Accrued interest - related parties | 71,498 | 70,201 |
| Refundable deposits | 6,912 | 6,912 |
| Current maturities of long-term debt | 842,885 | 898,697 |
| Current maturities of long-term debt - related parties | 94,512 | 155,414 |
| | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | 3,564,295 | 3,063,995 |
| | <hr/> | <hr/> |
| LONG-TERM LIABILITIES | | |
| Series A convertible preferred stock - \$0.001 par value; 10,000,000 shares authorized; 151,000 shares and 150,000 shares outstanding; \$1,510,000 and \$1,500,000 liquidation value | 1,510,000 | 1,500,000 |
| Series B convertible Green Endeavors preferred stock - \$0.001 par value; 5,000,000 shares authorized; 185,000 shares outstanding; \$925,000 liquidation value | - | 925,000 |
| Series C convertible preferred stock - \$0.001 par value; 5,000,000 shares authorized; 2,569,623 shares and 1,541,106 shares outstanding; \$12,847,615 and \$7,704,180 liquidation value | 12,847,615 | 7,704,180 |
| Long-term debt, net of current portion | 2,182,389 | 2,229,337 |
| Long-term debt - related parties, net of current portion | 50,000 | 100,000 |
| | <hr/> | <hr/> |
| TOTAL LONG-TERM LIABILITIES | 16,590,004 | 12,458,517 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES | 20,154,299 | 15,522,512 |
| | <hr/> | <hr/> |

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

STOCKHOLDERS' DEFICIT

| | | |
|--|--------------|--------------|
| Series A preferred stock | - | - |
| Series B preferred stock - \$0.001 par value; 10,000,000 shares authorized; \$15,000,000 and 10,000,000 shares outstanding | 15,000 | 10,000 |
| Series C preferred stock | - | - |
| Undesignated preferred stock - \$0.001 par value; 25,000,000 shares authorized; no shares outstanding | - | - |
| Common stock - \$0.0001 par value; 100,000,000,000 shares authorized; 7,724,430 shares and 894,794 shares outstanding, respectively | 772 | 89 |
| Additional paid-in capital | 23,539,652 | 22,125,774 |
| Receivable from stockholders | (56,638) | (30,969) |
| Accumulated other comprehensive loss (income) | (210,272) | 293 |
| Accumulated deficit | (34,727,672) | (29,514,226) |
| Noncontrolling interest in subsidiaries | 528,078 | (921,466) |
| | <hr/> | <hr/> |
| TOTAL STOCKHOLDERS' DEFICIT | (10,911,080) | (8,330,505) |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$ 9,243,219 | \$ 7,192,007 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | For the Years Ended | |
|---|----------------------------|--------------------|
| | December 31, | |
| | 2009 | 2008 |
| REVENUE | | |
| Sales - Salon and Retail | \$ 2,086,575 | \$ 2,469,167 |
| Consulting revenue | 335,000 | - |
| Rental revenue | 69,962 | 180,859 |
| TOTAL REVENUE | 2,491,537 | 2,650,026 |
| COST OF REVENUE | | |
| Cost of sales - Salon and Retail | 1,074,576 | 1,310,118 |
| Cost associated with rental revenue | 53,797 | 161,421 |
| Depreciation and amortization on rentals | 33,276 | 50,389 |
| TOTAL COST OF REVENUE | 1,161,649 | 1,521,928 |
| GROSS PROFIT | 1,329,888 | 1,128,098 |
| EXPENSES | | |
| General and administrative expense | 3,715,509 | 6,278,150 |
| Consulting fees | 792,608 | 572,027 |
| Depreciation and amortization expense | 134,910 | 118,457 |
| Interest expense associated with rental revenue | 90,228 | 147,078 |
| TOTAL EXPENSES | 4,733,255 | 7,115,712 |
| OPERATING LOSS | (3,403,367) | (5,987,614) |

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

| | | |
|--|-----------------------|-----------------------|
| OPERATING LOSS (from previous page) | <u>(3,403,367)</u> | <u>(5,987,614)</u> |
| OTHER INCOME (EXPENSE) | | |
| Bad debt expense - convertible debenture | - | (50,000) |
| Loss on termination of convertible debt | - | (3,750) |
| Bad debt expense | (5,957) | - |
| Interest expense | (109,147) | (194,007) |
| Interest income | 2,560 | 272 |
| Litigation settlements | - | 60,000 |
| Gain/(loss) on marketable securities | (73,516) | (765,995) |
| Gain/(loss) on disposal of assets | (64,978) | 741,451 |
| Loss on impairment of assets | (1,066,206) | (221,704) |
| Other income | <u>32,111</u> | <u>9,914</u> |
| TOTAL OTHER INCOME (EXPENSE) | <u>(1,285,133)</u> | <u>(423,819)</u> |
| LOSS BEFORE INCOME TAXES | (4,688,500) | (6,411,433) |
| Provision for state income tax | <u>(700)</u> | <u>(900)</u> |
| LOSS BEFORE NONCONTROLLING INTEREST | (4,689,200) | (6,412,333) |
| NET INCOME(LOSS) ATTRIBUTABLE TO THE NONCONTROLLING INTEREST | <u>(524,246)</u> | <u>1,080,018</u> |
| LOSS FROM CONTINUING OPERATIONS | (5,213,446) | (5,332,315) |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS | <u>-</u> | <u>-</u> |
| NET LOSS | <u>\$ (5,213,446)</u> | <u>\$ (5,332,315)</u> |

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

| | For the Years Ended | |
|--|----------------------------|-----------------------|
| | December 31, | |
| | 2009 | 2008 |
| BASIC AND DILUTED LOSS PER COMMON SHARE | <u>\$ (1.01)</u> | <u>\$ (43.71)</u> |
| BASIC AND DILUTED WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING | <u>5,153,868</u> | <u>121,983</u> |
| COMPREHENSIVE INCOME (LOSS) | | |
| Net Loss | \$ (5,213,446) | \$ (6,429,166) |
| Change in unrealized value of marketable securities | <u>(210,272)</u> | <u>819,849</u> |
| Comprehensive Income (Loss) | <u>\$ (5,423,718)</u> | <u>\$ (5,609,317)</u> |

ITEM XIV. BENEFICIAL OWNERS

The following is a list of shareholders beneficially owning more than 5% of the Company's common stock:

Richard Surber, President and CEO of the Company, holds preferred shares that give him voting control. He also controls directly and indirectly 5,019,801 shares of common stock, which is 11.5% of the common stock as of March 29, 2010.

Benjamin Gourley holds 30,000,000 shares of common stock or, 69.1% of the total issued and outstanding shares of common stock. Mr. Gourley converted 60,000 of his Series C Preferred Stock at the direction of board of directors with a conversion value of \$.01 per share of common stock.

ITEM XV. NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL ADDRESS OF OUTSIDE PROVIDERS THAT ADVISE THE ISSUER ON MATTERS RELATING TO THE OPERATIONS, BUSINESS DEVELOPMENT AND DISCLOSURE

A. Investment Banker -- None

B. Promoters -- None

C. Counsel -- The Company's principal legal Counsel is Brent Baker at Parsons Behle & Latimer, 201 South Main Street, Suite 1800, Salt Lake City, UT, 84111

D. Independent Auditors -- Madsen & Associates CPA's Inc., 684 East Vine Street #3, Murray, UT 84107

E. Tax Accountants -- Richard N. Smith, CPA, 1336 E. Millbrook Way, Bountiful, UT 84010, (801) 292-7613, richardnsmith@comcast.net

F. Public Relations Consultant -- None

G. Investor Relations Consultant -- None

ITEM XVI. MANAGEMENT'S DISCUSSION AND ANALYSIS

A. Financial Condition and Results of Operations

Results of Operations

Revenues

Year ended December 31, 2009. Gross operating revenues for the fiscal years ended December 31, 2009 and 2008 were \$2,491,537 and \$2,650,026, respectively. This represents a \$158,489 or 6% decrease from 2008 to 2009. The decrease came from the closing of the Black Chandelier stores during 2008 and the first quarter of 2009.

Gross rental revenues for the fiscal years ended December 31, 2009 and 2008 were \$69,962 and \$180,859, respectively. This was a decrease of \$110,897, or 61% from 2009 to 2008. The decrease in rental revenues for 2009 came from the sale of the Wallace-Bennett building during

2008 and no tenants for the Kearns property during the year ended 2009. We do not expect rental revenues to substantially increase prior to December 31, 2010.

Expenses

Year ended December 31, 2009. Total operating expenses for the fiscal years ended December 31, 2009 and 2008 were \$4,733,255 and \$7,115,712, respectively. A \$2,382,457 decrease or a 33% decrease from in 2009. The change reflects a decrease in expenses from discontinuing the operations of the Black Chandelier retail locations.

As a result of the Company acquiring a 100% interest in Revel Entertainment for 200,000 shares of its Series C Convertible Preferred Stock, Revel is now a wholly owned subsidiary of Nexia. The full value of the shares was expensed in 2009 resulting in a onetime charge of \$1,000,000.

Depreciation and amortization expenses for the year ended December 31, 2009, were \$168,186 compared to \$168,846 for the year ended December 31, 2008. The decrease in expense of \$660, or less than 1%, was primarily the result of the already depreciated value of the assets held in 2009 compared to 2008.

Nexia expects expenses as a percent of revenues to continue to increase through 2010 as Nexia steps up its effort to expand its retail operations, acquires additional properties and as a result of entering the entertainment business.

The net decrease in general and administrative expenses from 2009 to 2008 was \$2,562,641, or a 41% decrease. The decrease in expenses is primarily the result of closing the retail operations of the Black Chandelier retail locations.

Operating Losses

Nexia recorded an operating loss of \$3,403,367 for the year ended December 31, 2009 compared to \$5,987,614 for the comparable period in 2008. The decrease in operating loss of \$2,584,247, or 43% resulted from a decrease in operating expenses. The decrease in expenses was primarily a result of closing its Black Chandelier clothing stores. In addition, the Company decreased operating expenses relating to the operation of its Landis Salons.

Net Losses

Nexia recorded a net loss of \$5,213,446 for the year ended December 31, 2009, as compared to a net loss of \$5,332,315 for the comparable period in 2008. The decrease in the amount of net loss represents a change of \$118,869, or 2%, compared to the same period in 2008, reported above. The largest contributing factor to the decrease in net loss is the decrease in operating expenses. Nexia does not expect to operate at a profit through fiscal 2010. Since Nexia's activities in the past were tied to its ability to operate its real estate properties at a profit, future profitability or its revenue growth tended to follow changes in the real estate market place. The diversification into retail operations represented by its investment in Landis Salons, Inc. and Revel Entertainment LLC will make it less dependent on the real estate market and its fluctuations.

The Company had net income of \$1,080,018 attributed to the noncontrolling interest in Green Endeavors (Green) for the year ended December 31, 2008 compared to a net loss of \$524,246 for the comparable period ending in 2009.

The noncontrolling interest is a calculation based upon ownership by third parties in Green Endeavors. Fluctuations in Nexia's ownership may cause non-cash adjustments to Nexia's income statement because Green is a majority owned subsidiary and therefore its financials are consolidated with Nexia's.

The adjustment to income was primarily the result of reclassifying \$919,000 worth of Class B Convertible Preferred to equity in 2009 where it was previously classified as a liability in 2008.

The Company reduced a portion of a debenture derivative between Diversified Holding I and Green by \$125,000 as a result of Green issuing 50,000,000 shares of its common stock as partial satisfaction of a portion of the debenture. The issuance of common stock increased the Company's ownership from 74% to 84%.

The Black Chandelier clothing label operated under the Company's Gold Fusion Laboratories, Inc. was dissolved in 2009. No additional expenses should be incurred in Gold Fusion in 2010.

The Company recently purchased a new entity called Revel Entertainment, LLC to produce independent films or acquire interest in films. The Company anticipates the need to raise substantial capital 2010 to commence operations in Revel. There can be no guarantee that profitability or revenue growth will be realized in the future.

Impact of Inflation

The Company believes that inflation may have a negligible effect on future operations. The Company believes that it may be able to offset inflationary increases in the cost of revenue by increasing revenue and improving operating efficiencies.

Liquidity and Capital Resources

On December 31, 2009, Nexia had current assets of \$3,128,982 and \$9,243,219 in total assets compared to current assets of \$4,838,605 and total assets of \$7,192,007 as of December 31, 2008.

Nexia had net working capital of \$1,774,610 at December 31, 2008, as compared to a net working capital deficit of \$435,313 at December 31, 2009. The increase in working capital deficit of \$2,209,923 is due primarily to a decrease in prepaid expenses, a decrease in notes receivable and an increase in accounts payable and accrued liabilities reported as of December 31, 2009.

As of December 31, 2009 and 2008, Nexia recorded a liability of \$14,357,615 and \$10,129,180 respectively, as a result of recognizing its issued and outstanding preferred shares as a liability for the full face value of such shares. Recent accounting provisions may allow the Company to reclassify the preferred shares as equity which would substantially improve the Company's and equity. Although in practical terms, management does not believe that the classification in either scenario will have a material impact on the operations of the Company.

Nexia may experience occasional cash flow shortages due to debt service on real estate holdings and willingness to acquire properties with negative cash flow. To cover these shortages, Nexia may need to issue shares of its common stock in payment for services rendered. The Company is currently experiencing challenges with regard to cash flows. We are looking at several options to improve this situation.

B. Off-Balance Sheet Arrangements – None

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PART E -- ISSUANCE HISTORY

XVII. LIST OF SECURITIES OFFERINGS AND SHARES ISSUED FOR SERVICES IN THE PAST TWO YEARS

A. Stock Options Granted -- see table

B. Stock Options Exercised -- see table

| NEXIA STOCK OPTIONS | # Shares Granted | # Shares Exercised |
|---------------------------------------|-------------------------|---------------------------|
| 1st Quarter 2008 Total | 197,250 | 197,250 |
| 2nd Quarter 2008 Total | 402,500 | 402,500 |
| 3rd Quarter 2008 Total | 20,175 | 21,675 |
| 4th Quarter 2008 Total | 5,000 | 5,000 |
| 2008 TOTAL: | 624,925 | 624,925 |
| 1st Quarter 2009 Total | 655,875 | 655,875 |
| 2nd Quarter 2009 Total | 0 | 0 |
| 3rd Quarter 2009 Total | 0 | 0 |
| 4th Quarter 2009 Total | 0 | 0 |
| 2009 YTD TOTAL: | 655,875 | 655,875 |
| 2008, 2009 COMBINED TOTAL: | 1,280,800 | 1,280,800 |

All options were granted pursuant to stock plans filed by the Company under an S-8 Registration statement filed with the SEC and were granted to natural persons in exchange for services provided to the Company. All numbers are post-reverse to the 1 for 2,000 reverse stock split that took place 2010.

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PART F -- EXHIBITS

ITEM XVIII. MATERIAL CONTRACTS

On December 9, 2008, the Company entered into a Real Estate Purchase Agreement with Casey J. Coleman for the purchase of a two residential properties located in Salt Lake City, Utah in exchange for the issuance and delivery to Mr. Coleman of 93,000 restricted shares of Series C Preferred Stock. The property is currently 100% occupied. The stock has a stated conversion value of \$465,000 worth of the Company's common stock.

On February 4, 2009, the Company entered into an Ancillary Services/Broadcast Production Agreement with Robert Sullivan, for the Broadcast of three 25-minute radio interviews and one 15 minute television interview on "The Big Biz Show" and for other ancillary services. In exchange for those services, the Company has agreed to the issuance and delivery to Mr. Sullivan of 1,000,000,000 restricted shares of the Company's common stock. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

On March 2, 2009, the Company entered into a Stock Exchange Agreement with AmeriResource Technologies, Inc. to exchange 100,000 shares of the Company's Series C Preferred Stock for Series F Preferred Stock of AmeriResource with a stated conversion value of \$500,000. The shares of both companies will be issued with restrictive legends and carry no guarantee of future value and thus the exchange carries a significant risk of the loss of investment by the Company in the preferred stock of AmeriResource. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

On March 12, 2009, the Company entered into a Stock Exchange Agreement with Seamless Corporation to exchange 200,000 shares of the Company's Series C Preferred Stock for 1,000,000 Series C Preferred Stock of Seamless with a stated conversion value of \$1,000,000. The shares of both companies will be issued with restrictive legends and carry no guarantee of future value and thus the exchange carries a significant risk of the loss of investment by the Company in the preferred stock of Seamless. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

On March 12, 2009, the Company entered into a Stock Exchange Agreement with 1st Global Financial Corp. to exchange 200,000 shares of the Company's Series C Preferred Stock for Preferred Stock of 1st Global with a stated conversion value of \$1,000,000. The shares of both companies will be issued with restrictive legends and carry no guarantee of future value and thus the exchange carries a significant risk of the loss of investment by the Company in the preferred stock of 1st Global. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

On June 25, 2009, the Company entered into a Stock Exchange Agreement with RoboServer Systems, Corp. to exchange 200,000 shares of the Company's Series C Preferred Stock for a Debenture in RoboServer Systems with a stated value of \$1,000,000. The securities of both

companies will be issued with restrictive legends and carry no guarantee of future value and thus the exchange carries a significant risk of the loss of investment by the Company in the securities of RoboServer Systems. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

On August 18, 2009, the Company entered into a Stock Purchase Agreement with the ownership of Revel Entertainment LLC to acquire 100% ownership of Revel Entertainment in exchange for the issuance of 200,000 shares of the Company's Series C Preferred Stock. The shares of preferred stock were issued out with a restrictive legend. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

On September 8, 2009, the Company entered into a Stock Exchange Agreement with Bookkeeper International Equities Corp. to exchange 200,000 shares of the Company's Series C Preferred Stock for Preferred Stock of Bookkeeper International with a stated conversion value of \$1,000,000. The shares of both companies will be issued with restrictive legends and carry no guarantee of future value and thus the exchange carries a significant risk of the loss of investment by the Company in the preferred stock of Bookkeeper International. The agreement will be handled as a private sale exempt from registration under Rule 506 of Regulation D and the Securities Act of 1933.

ITEM XIX. ARTICLES OF INCORPORATION AND BYLAWS

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 XX. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASES

The Company on March 17, 2010, issued Five Million (5,000,000) shares of its restricted common stock to Richard Surber, the CEO and Director of the Company as partial payment for accrued salary.

ITEM XXI. ISSUER'S CERTIFICATIONS

I, Richard D. Surber, certify that:

1. I have reviewed this annual disclosure statement 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 and results of operations of the issuer as of, and for, the periods presented in this disclosure statement.

April 9, 2010

/s/Richard D. Surber
Richard D. Surber,
CEO and Chief Financial Officer