

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1995

Commission File Number: 000-9341

SECURITY NATIONAL FINANCIAL CORPORATION
Exact Name of Registrant.

UTAH

87-0345941

(State or other jurisdiction
of incorporation or organization)

IRS Identification Number

5300 South 360 West, Salt Lake City, Utah

84123

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number,
including Area Code

(801) 264-1060

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XX NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, net of treasury stock, as of the close of the period covered by this report.

Class A Common Stock, \$2.00 par value

3,067,891

Title of Class

Number of Shares
Outstanding as of
September 30, 1995

Class C Common Stock, \$.40 par value

2,250,764

Title of Class

Number of Shares
Outstanding as of
September 30, 1995

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10Q

QUARTER ENDED SEPTEMBER 30, 1995

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SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	Nine Months Ended September 30, 1995 (Unaudited) -----	1994 (Unaudited) -----	Three Months Ended September 30, 1995 (Unaudited) -----	1994 (Unaudited) -----
REVENUES:				
Insurance premiums and other considerations	\$ 4,391,317	\$ 3,723,909	\$1,438,045	\$1,199,993
Net investment income	4,886,371	2,913,137	1,670,867	1,027,258
Realized gains on investments and other assets	51,437	387,066	50,893	293,620
Mortuary and cemetery sales	5,914,821	4,433,622	2,055,374	1,466,185
Mortgage fee income	2,901,492	879,925	1,706,669	92,927
Other	51,883	224,463	13,528	122,610
	-----	-----	-----	-----
Total Revenues	18,197,321	12,562,122	6,935,376	4,202,593
BENEFITS AND EXPENSES:				
Death benefits	1,543,761	1,263,060	509,077	385,734
Surrenders and other policy benefits	1,783,610	722,924	543,250	287,106
Increase in future policy benefits	1,170,835	1,428,450	474,894	496,704
Amortization of deferred policy acquisition costs	919,257	558,319	418,131	100,663
General and administrative expenses:				
Commissions	2,476,476	907,546	1,127,406	256,425
Salaries	2,528,023	2,205,861	936,367	705,377
Other	3,523,063	3,074,656	1,379,332	1,010,110
Interest expense	823,400	523,664	317,428	175,811
Cost of mortuaries and cemeteries goods and services sold	1,663,030	1,324,755	532,129	473,724
	-----	-----	-----	-----
Total benefits and expenses	16,431,455	12,009,235	6,238,014	3,891,655
	-----	-----	-----	-----
Earnings before income taxes	1,765,866	552,887	697,362	310,938
Income tax (expense) benefit	(477,617)	(154,808)	(203,717)	(84,643)
	-----	-----	-----	-----
Net earnings	\$ 1,288,249	\$ 398,079	\$ 493,645	\$ 226,295
	=====	=====	=====	=====
Net earnings per share	\$0.42	\$0.12	\$0.16	\$0.07
	=====	=====	=====	=====
Weighted average outstanding common shares	3,037,224	3,270,899	3,058,770	3,270,899

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 1995 (Unaudited)	December 31, 1994
	-----	-----
Assets:		
Investments:		
Fixed maturity securities held to maturity, at amortized cost	\$37,252,682	\$39,397,628
Equity securities available for sale, at market	4,566,968	4,149,713
Mortgage loans on real estate	13,047,008	14,681,293
Real estate, net of accumulated depreciation	7,726,249	7,586,650
Policy loans	2,614,890	2,670,989
Other loans	572,621	677,334
Short-term investments	755,614	4,013,296
	-----	-----
Total insurance related investments	66,536,032	73,176,903
Restricted assets of cemeteries and mortuaries	2,772,291	2,482,068
Cash	6,003,154	2,060,876
Receivables:		
Trade contracts	5,078,254	4,938,098
Receivable from agents	482,305	463,040
Other	12,185,723	336,801
	-----	-----
Total receivables	17,746,282	5,737,939
Allowance for doubtful accounts	(2,051,675)	(1,923,808)
	-----	-----
Net receivables	15,694,607	3,814,131
Land and improvements held for sale	8,586,629	6,920,208
Accrued investment income	1,041,672	996,845
Deferred policy acquisition costs	4,592,725	4,860,865
Property, plant and equipment, net	6,098,521	4,899,873
Cost of insurance acquired	3,318,325	3,488,383
Excess of cost over net assets of acquired subsidiaries	1,476,700	718,391
Other	404,264	339,714
	-----	-----
Total Assets	\$116,524,920	\$103,758,257
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)

	September 30, 1995 (Unaudited)	December 31, 1994
	-----	-----
Liabilities:		
Future life, annuity, and other benefits	\$63,969,291	\$ 61,895,251
Bank loans payable	13,892,544	7,440,576
Notes and contracts payable	4,260,148	2,768,546
Estimated future costs of pre-need sales	6,435,946	6,284,421
Payable to endowment care fund	322,821	319,336
Accounts payable and accrued expenses	2,313,679	1,760,399
Other liabilities	1,270,042	1,438,889
Income taxes	2,349,911	1,872,294
	-----	-----
Total Liabilities	94,814,382	83,779,712
Stockholders' Equity:		
Common stock:		
Class A: \$2 par value, authorized 10,000,000 shares, issued 3,599,906 shares in 1995 and 3,558,406 shares in 1994	7,199,814	7,116,814
Class C: \$0.40 par value, authorized 7,500,000 shares, issued 2,275,045 shares in 1995 and 2,275,045 shares in 1994	910,018	910,018
Additional paid-in capital	7,297,891	7,214,061
Unrealized appreciation of investments	665,534	221,790
Retained earnings	7,276,113	6,154,694
Treasury stock at cost (532,015 Class A shares and 24,281 Class C shares in 1995; 532,015 Class A shares and 24,281 Class C shares in 1994, held by affiliated companies)	(1,638,832)	(1,638,832)
	-----	-----
Net Stockholders' Equity	21,710,538	19,978,545
	-----	-----
Total Liabilities and Stockholders' Equity	\$116,524,920	\$103,758,257
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 1995 (Unaudited) -----	1994 (Unaudited) -----
Cash flows from operating activities:		
Net earnings	\$1,288,249	\$398,079
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Net realized gain on sale of investments	(50,660)	(96,838)
Depreciation	532,832	447,034
Provision for losses on accounts and loans receivable	127,867	(4,493)
Amortization of goodwill, premiums, and discounts	(909,425)	3,575
Amortization of cost of insurance acquired	170,058	--
Deferred taxes	477,617	154,808
Policy acquisition costs deferred	(651,117)	(126,648)
Policy acquisition costs amortized	919,257	198,359
Change in assets and liabilities net of effects from purchase of subsidiary:		
Land and improvements held for sale	(1,666,421)	203,348
Future life and other benefits	1,194,096	54,641
Other operating assets and liabilities	(11,236,558)	2,817,888
	-----	-----
Net cash (used in) provided by operating activities	(9,804,205)	4,049,753
Cash flows from investing activities:		
Securities held to maturity:		
Purchases - fixed maturity securities	--	(8,957,947)
Calls and maturities - fixed maturity securities	2,307,113	1,443,765
Securities available for sale:		
Sales - equity securities	61,907	221,854
Purchases - equity securities	--	(209,275)
Net purchases and sales of short-term investments and restricted assets of cemeteries and mortuaries	2,967,459	3,837,521
Mortgage and other loans made	(4,467,031)	(17,845,771)
Payments received for mortgage and other loans	6,233,761	14,608,676
Change in policy loans	56,099	19,745
Purchases of property, plant, and equipment	(1,513,626)	(1,512,065)
Purchases of real estate	(380,624)	--
Purchase of subsidiary net of cash acquired	(342,089)	--
	-----	-----
Net cash (used in) provided by investing activities	4,922,969	(8,393,497)

Consolidated Statements of Cash Flows (Continued)

	Nine Months Ended September 30, 1995 (Unaudited) -----	1994 (Unaudited) -----
Cash flows from financing activities:		
Net increase in investment type contracts	879,944	40,266
Repayment of notes and contracts payable	(1,035,347)	(1,308,483)
Proceeds from borrowings on notes and contracts payable	8,978,917	980,116
	-----	-----
Net cash provided by (used in) financing activities	8,823,514	(288,101)
	-----	-----
Net increase (decrease) in cash	3,942,278	(4,631,845)
Cash at beginning of period	2,060,876	6,831,051
	-----	-----
Cash at end of period	\$ 6,003,154	\$ 2,199,206

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 1995 and 1994
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 1995, are not necessarily indicative of the results that may be expected for the year ending December 31, 1995. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 1994, included in the Company's Annual Report on Form 10-K (file number 0-9341).

2. Acquisition of San Diego Property

On February 3, 1995, the Company purchased approximately 100 acres of real property located in San Diego, California, of which approximately 35 acres will be used for the development of a cemetery. In purchasing the property the Company incurred a debt of \$1,062,000. This debt carries an interest rate of 9% per annum and will be paid in twelve monthly installments of \$5,000. Thereafter, equal monthly payments of \$10,000 will be made, however interest shall not accrue on any part of the principal balance until February 3, 1996.

3. Acquisition of Greer-Wilson Funeral Home

On March 8, 1995, the Company was issued 97,800 shares of common stock of Greer-Wilson Funeral Home, Inc. ("Greer-Wilson"), representing 97.8% of the total issued and outstanding shares of common stock of Greer-Wilson after the issuance of such shares. In consideration for the purchase of such shares, the Company agreed to contribute \$430,000 to Greer-Wilson for the payment of its accounts payable, or to assume payment of the accounts payable, and to pay or refinance Greer-Wilson's existing mortgage loan indebtedness; and to pay the former President, Mr. Greer, and his wife \$6,000 per month over a ten year period for providing consulting services. The Company also loaned the former President and his wife the sum of \$200,000 to be paid on March 8, 2005, together with interest thereon at the rate of seven percent (7%) per annum. This obligation is collateralized by a pledge of the remaining 2,200 shares of Greer-Wilson's common stock that is currently owned by Mr. Greer. The acquisition was accounted for using the purchase method. Assets, liabilities, and operations of Greer-Wilson are included in the consolidated financial statements of the Company beginning April 1, 1995.

4. Line of Credit Arrangement

Under a Line of Credit Arrangement entered into in August 1995, the Company may borrow up to \$10 million to fund mortgage loans until sold to secondary investors. This arrangement does not have a termination date but is reviewed annually for renewal. At September 30, 1995, the Company had approximately \$4 million outstanding under this agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS Results of Operations

Overview

The Company's operations over the last three years generally reflect three trends or events which the Company expects to continue: (i) increased attention to "niche" insurance products, such as the Company's funeral plan policies, (ii) decreased general and administrative costs as a percentage of revenue through efforts to reduce operating costs and through eliminating unnecessary duplication of costs at acquired companies; and (iii) emphasis on high margin cemetery and mortuary business.

The Company maintains a diversified investment portfolio consisting of common stock, preferred stock, municipal bonds, investment grade and non-investment grade bonds, mortgage loans, short term and other securities and investments. The Company's investment goals are to maintain safety and liquidity, enhance principal values and achieve increased rates of return consistent with regulatory restraints. The Company's interest sensitive type products, primarily annuities and interest sensitive whole life, compete with other financial products such as bank certificates of deposit, brokerage sponsored money market funds as well as competing life insurance company products.

Three Months Ended September 30, 1995 as Compared to Three Months Ended September 30, 1994

The following schedule summarizes the effect the acquisition of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home had on the consolidated statements for the three months ended September 30, 1995.

	Consolidated 1995 (Unaudited)	Capital Investors Life 1995 (Unaudited)	Greer-Wilson 1995 (Unaudited)	Consolidated Without the Effects of Capital Investors Life and Greer-Wilson 1995 (Unaudited)	Consolidated 1994 (Unaudited)
	-----	-----	-----	-----	-----
REVENUES:					
Insurance premiums and other considerations	\$1,438,045	\$259,018	--	\$1,179,027	\$1,199,993
Net investment income	1,670,867	494,366	746	1,175,755	1,027,258
Realized gains on investments and other assets	50,893	--	--	50,893	293,620
Mortuary and cemetery sales	2,055,374	--	491,103	1,564,271	1,466,185
Mortgage fee income	1,706,669	--	--	1,706,669	92,927
Other	13,528	160	3,357	10,011	122,610
	-----	-----	-----	-----	-----
Total Revenues	6,935,376	753,544	495,206	5,686,626	4,202,593
BENEFITS AND EXPENSES:					
Death benefits	509,077	116,941	--	392,136	385,734
Surrenders and other policy benefits	543,250	388,035	--	155,215	287,106
Increase in future policy benefits	474,894	(26,880)	--	501,774	496,704
Amortization of deferred policy acquisition costs	418,131	64,186	--	353,945	100,663
General and administrative expenses:					
Commissions	1,127,406	19,396	(1,398)	1,109,408	256,425
Salaries	936,367	--	115,918	820,449	705,377
Other	1,379,332	30,680	132,169	1,216,483	1,010,111
Interest expense	317,428	--	39,721	277,707	175,811
Cost of mortuaries and cemeteries goods and services sold	532,129	--	150,878	381,251	473,724
	-----	-----	-----	-----	-----
Total benefits and expenses	6,238,014	592,358	437,288	5,208,368	3,891,655
	-----	-----	-----	-----	-----
Earnings before income taxes	\$ 697,362	\$161,186	\$ 57,918	\$ 478,258	\$ 310,938
	=====	=====	=====	=====	=====

The following management's discussion and analysis for the three months ended September 30, 1995 and September 30, 1994, excludes the acquisition of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home.

Three Months Ended September 30, 1995 as Compared to Three Months Ended September 30, 1994

Total revenues increased by \$1,484,000 (35%), from \$4,203,000 for the three months ended September 30, 1994 to \$5,687,000 for the three months ended September 30, 1995. Contributing to this increase in total revenues was a \$148,000 increase in net investment income and a \$98,000 increase in mortuary and cemetery sales, and a \$1,614,000 increase in mortgage fee income.

Net investment income increased by \$148,000, from \$1,027,000 for the third quarter of 1994 to \$1,175,000 for the third quarter of 1995. This increase was attributable to the Company's emphasis on investing its cash and short-term investments in higher-yielding long-term investments. Also, the life insurance companies and the cemeteries and mortuaries have participated in warehousing many of the mortgage loans generated by the Company's mortgage company, Security National Mortgage Company.

Realized gains on investment and other assets decreased by \$243,000, from a \$294,000 gain for the third quarter of 1994 as compared to a \$51,000 gain for the third quarter of 1995. The 1994 amount included the results of the sale of 13.45 acres of land deemed not suitable for cemetery development at Lake View Cemetery. On August 22, 1994, an agreement was entered into wherein the land was sold to a development company for \$515,000. The net gain on the sale of the land, after deducting the original cost of the land and related fees, was approximately \$278,000.

Mortuary and cemetery sales increased \$98,000, from \$1,466,000 for the third quarter 1994 to \$1,564,000 for the third quarter of 1995. This increase was primarily the result of a \$187,000 increase in cemetery sales. There was an \$89,000 decrease in sales in the mortuary division in the third quarter of 1995 caused by a reduced case count for that period as compared to the third quarter of 1994.

Mortgage fee income increased \$1,614,000, from \$93,000 for the third quarter of 1994 to \$1,707,000 for the third quarter of 1995. This increase was the result of lower interest rates during the third quarter of 1995, which increased the opportunity for refinancing and loan origination. In addition, a strong economy and increased demand for housing in the intermountain area had created increased activity for loan originations.

Total benefits and expenses were \$3,892,000 for the third quarter of 1994, which was 93% of the total revenues of the Company as compared to \$5,208,000 or 92% of the total revenues for the third quarter of 1995.

Death benefits, surrenders and other policy benefits and increase in future policy benefits decreased in the aggregate by \$120,000, from \$1,169,000 for the third quarter of 1994 to \$1,049,000 for the third quarter of 1995. These benefits are in line with the actuarial assumptions and industry standards.

Amortization of deferred policy acquisition costs increased by \$253,000, from \$101,000 for the third quarter of 1994 to \$354,000 for the third quarter of 1995. This increase was primarily due to the maturing of the policies in force.

General and administrative expenses increased by \$1,174,000, from \$1,972,000 for the third quarter of 1994 to \$3,146,000 for the third quarter of 1995. This increase was due to an increase in commission expenses and salary expense and other expenses. Commission expenses increased \$853,000, from \$256,000 for the third quarter of 1994 to \$1,109,000 for the third quarter of 1995 as a result of the increased business activity of Security National Mortgage Company and the cemetery operations.

Salary expense increased \$115,000, from \$705,000 for the third quarter of 1994 to \$820,000 for the third quarter of 1995, primarily due to the additional administrative personnel needed at the corporate level to meet the needs of the newly acquired companies of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home.

Other expenses increased \$206,000, from \$1,010,000 for the third quarter of 1994 to \$1,216,000 for the third quarter of 1995. This increase was the result of increased operating expenses at Security National Mortgage Company. This increase was partially off-set by the decrease in amortization expenses arising from the 1989 acquisition of a funeral planning sales agency. The acquisition expenses were capitalized and amortized over a five-year period ending December 31, 1994.

Interest expenses increased \$102,000, from \$175,000 for the third quarter of 1994 to \$277,000 for the third quarter of 1995. This increase was primarily due to the interest on the debt incurred as a result of the acquisitions of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home, which were completed on December 21, 1994 and April 1, 1995, respectively.

Cost of mortuaries and cemeteries goods and services sold was consistent with the products sold during the third quarter 1995.

Nine Months Ended September 30, 1995 Compared to Nine Months Ended
September 30, 1994

The following schedule summarizes the effect the acquisition of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home had on the consolidated statements for the nine months ended September 30, 1995.

	Consolidated 1995 (Unaudited)	Capital Investors Life 1995 (Unaudited)	Greer-Wilson 1995 (Unaudited)	Consolidated Without the Effects of Capital Investors Life and Greer-Wilson 1995 (Unaudited)	Consolidated 1994 (Unaudited)
REVENUES:					
Insurance premiums and other considerations	\$ 4,391,317	\$ 731,145	\$ --	\$ 3,660,172	\$ 3,723,909
Net investment income	4,886,371	1,452,188	746	3,433,437	2,913,137
Realized gains on investments and other assets	51,437	--	--	51,437	387,066
Mortuary and cemetery sales	5,914,821	--	1,013,005	4,901,816	4,433,622
Mortgage fee income	2,901,492	--	--	2,901,492	879,925
Other	51,883	10,433	5,727	35,723	224,463
Total Revenues	18,197,321	2,193,766	1,019,478	14,984,077	12,562,122
BENEFITS AND EXPENSES:					
Death benefits	1,543,761	317,230	--	1,226,531	1,263,060
Surrenders and other policy benefits	1,783,610	1,247,160	--	536,450	722,924
Increase in future policy benefits	1,170,835	(413,874)	--	1,584,709	1,428,450
Amortization of deferred policy acquisition costs	919,257	192,558	--	726,699	558,319
General and administrative expenses:					
Commissions	2,476,476	43,457	--	2,433,019	907,546
Salaries	2,528,023	--	204,265	2,323,758	2,205,861
Other	3,523,063	290,734	239,849	2,992,480	3,074,656
Interest expense	823,400	--	85,162	738,238	523,664
Cost of mortuaries and cemeteries goods and services sold	1,663,030	--	283,406	1,379,624	1,324,755
Total benefits and expenses	16,431,455	1,677,265	812,682	13,941,508	12,009,235
Earnings before income taxes	\$ 1,765,866	\$ 516,501	\$ 206,796	\$ 1,042,56	\$ 552,887

The following management's discussion and analysis for the nine months ended September 30, 1995 and September 30, 1994, excludes the acquisition of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home.

Nine Months
Ended September 30, 1995 as Compared to Nine Months Ended September 30, 1994.

Total revenues increased by \$2,422,000 (19%), from \$12,562,000 for the nine months ended September 30, 1994 to \$14,984,000 for the nine months ended September 30, 1995. Contributing to this increase in total revenues was a \$520,000 increase in net investment income, a \$468,000 increase in mortuary and cemetery sales, and a \$2,021,000 increase in mortgage fee income.

Net investment income increased by \$520,000, from \$2,913,000 for the nine months ended September 30, 1994 to \$3,433,000 for the nine months ended September 30, 1995. This increase was attributed to the Company's emphasis in fiscal 1995 on investing its cash and short-term investments in higher-yielding long-term investments. Also, the life insurance companies and the cemeteries and mortuaries participated in warehousing many of the mortgage loans generated by Security National Mortgage.

Realized gains on investments and other assets decreased by \$336,000, from \$387,000 for the nine months ended September 30, 1994, to \$51,000 for the nine months ended September 30, 1995. The 1994 amount included the results of the sale of 13.45 acres of land deemed not suitable for cemetery development at Lake View Cemetery. On August 22, 1994, an agreement was entered into wherein the land was sold to a development company for \$515,000. The net gain on the sale of the land, after deducting the original cost of the land and related fees was approximately \$278,000. The remaining decrease in realized gains on investments and other assets was a result of fewer bond redemptions during the nine months ended September 30, 1995.

Mortuary and cemetery sales increased by \$468,000, from \$4,434,000 for the nine months ended September 30, 1994, to \$4,902,000 for the nine months ended September 30, 1995. This increase was the result of a \$69,000 increase in mortuary sales and a \$399,000 increase in cemetery sales for the nine months ended September 30, 1995.

Mortgage fee income increased \$2,021,000, from \$880,000 for the nine months ended September 30, 1994 to \$2,901,000 for the nine months ended September 30, 1995. This increase was a result of lower interest rates during the nine months ended September 30, 1995, which increased the opportunity for refinancing and loan originations. In addition, a strong economy and increased demand for housing in the intermountain area had created increased activity for loan originations.

Total benefits and expenses were \$12,009,000 for the nine months ended September 30, 1994, which is 96% of the total revenues of the Company, as compared to \$13,942,000, or 93% of the total revenues for the nine months September 30, 1995.

Death benefits, surrenders and other policy benefits and increase in future policy benefits decreased by \$67,000, from \$3,414,000 for the nine months ended September 30, 1994, to \$3,347,000 for the nine months ended September 30, 1995. These benefits are in line with the actuarial assumption and industry standards.

Amortization of deferred policy acquisition costs increased by \$168,000, from \$558,000 for the nine months ended September 30, 1994, to \$726,000 for the nine months ended September 30, 1995. This increase was primarily due to the maturing of the policies in force.

General and administrative expenses increased by \$1,561,000, from \$6,189,000 for the nine months ended September 30, 1994 to \$7,750,000 for the nine months ended September 30, 1995. This increase was primarily due to an increase in commission and salary expenses off-set by a smaller decrease in other expenses. Commission expenses increased \$1,525,000, from \$908,000 for the nine months ended September 30, 1994 to \$2,433,000 for the nine months ended September 30, 1995, due to increased business activity of Security National Mortgage Company and the cemetery operations. Salary expense increased \$118,000 for the nine months ended September 30, 1995, as compared to the nine months ended September 30, 1994, primarily due to the additional administrative personnel required at the corporate level to meet the needs of the newly acquired companies of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home.

Other expenses decreased \$82,000, during the nine months ended September 30, 1995. This decrease was primarily the result of the decrease in amortization expenses arising from the 1989 acquisition of a funeral planning sales agency. The acquisition expenses were capitalized and amortized over a five year period ending December 31, 1994.

Interest expense increased by \$215,000, from \$524,000 for the nine months ended September 30, 1994, to \$739,000 for the nine months ended September 30, 1995. This increase was primarily due to interest on the debt incurred as a result of the acquisitions of Capital Investors Life Insurance Company and Greer Wilson Funeral Home, which were completed on December 21, 1994 and April 1, 1995, respectively.

Cost of mortuaries and cemeteries goods and services sold was consistent with the products sold during the nine months ended September 30, 1995.

Liquidity and Capital Resources

The Company's life insurance subsidiaries and cemetery and mortuary subsidiaries realize cash flow from premiums, contract payments and sales on personal services rendered for cemetery and mortuary business from interest and dividends on invested assets, and from the proceeds from the maturity of held-to-maturity investment, or sale of other investments. The Company considers these sources of cash flow to be adequate to fund future policyholder and cemetery and mortuary liabilities which generally are long-term and adequate to pay current policyholder claims, annuity payments, expenses on the issuance of new policies and the maintenance of existing policies.

The Company attempts to match the duration of invested assets with its policyholder and cemetery and mortuary liabilities. The Company may sell investments other than those held to maturity in the portfolio to help in this timing however, to date, that has not been necessary. The Company purchases short-term investments on a temporary basis to meet the expectations of short-term requirements of the Company's products. The Company's investment philosophy is intended to provide a rate of return which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominately in fixed maturity securities and warehouse mortgage loans on a short-term basis before selling the loans to investors, in accordance with the requirements and laws governing the life insurance subsidiary. Bonds owned by the insurance subsidiary amounted to \$37,253,000, at amortized cost as of September 30, 1995. Generally all bonds owned by life insurance companies are rated by the National Association of Insurance Commissioners (NAIC). Under this rating system, there are six categories used for rating bonds. At September 30, 1995, 4.39% (\$1,639,000) and at September 30, 1994, 4.71% (\$909,000) of the Company's total investment in bonds were in rating categories three through six which are considered non-investment grade. Total invested assets of the Company is \$69,308,000 as of September 30, 1995.

The Company's interest sensitive type products, primarily annuities and interest sensitive whole life, compete with other financial products such as bank certificates of deposit, brokerage sponsored money market funds as well as competing life insurance company products. Based on preliminary information, the Company plans to hold its fixed income securities, including high-yield securities, in its portfolio to maturity. Business conditions, however, may develop in the future which may indicate a need for a higher level of liquidity in the investment portfolio. In that event the Company believes it could sell cash equivalents in investment grade securities before liquidating high-yield securities.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 1995 and 1994 was 8%. The Company's primary needs for liquidity are for debt service, maintenance of statutory capital and surplus for its life insurance subsidiaries and administrative expenses and cost of cemetery and mortuary services to be rendered.

On February 12, 1993, Security National Life Insurance Company entered into a purchase and sale agreement for the Pinehill Business Park located in Murray, Utah. The purchase price was \$2,150,000 with debt financing of \$1,500,000 through a local bank. As of September 30, 1995, about 95% of the available space was occupied.

On July 31, 1993, the Company contributed assets of approximately \$268,000 to its new wholly-owned subsidiary, Security National Mortgage Company. Security National Mortgage Company operates in two principal markets: refinancing of mortgage loans and origination of mortgage loans. These loans are sold on the secondary market to investors with servicing obligations released. Security National Life Insurance Company intends to act as a warehouse lender for the mortgage loans. By becoming a warehouse lender, Security National Life Insurance Company can obtain a long term interest rate on its assets without committing the funds for a long period of time.

On January 10, 1994, the Company acquired Sunset Funeral Home, Inc. ("Sunset"), which owns and operates a mortuary in Phoenix, Arizona, known as Camelback Sunset Funeral Home. As consideration for the purchase, the Company paid \$140,000 in cash, issued 25,000 shares of Class A Common Stock, assumed an existing debt of \$588,000, and entered into an agreement to pay the seller the sum of \$3,500 in monthly installments during his lifetime up to a maximum of \$560,000. In the event of the death of the seller prior to the payment of \$560,000, the remaining unpaid balance of such amount would be paid to his daughter.

On December 21, 1994, the Company purchased all of the outstanding shares of common stock of Capital Investors Life Insurance Company ("Capital Investors Life") from Suncoast Financial Corporation ("Suncoast Financial"). As consideration for the purchase of the shares, the Company paid \$5,231,000 in cash, issued 40,000 shares of its Class A Common Stock, and entered into a profit sharing agreement providing for 33-1/3% of the profits from new post-closing sales of existing Capital Investors Life plans of insurance to be paid as earned. An aggregate of \$2,700,000 of the cash consideration was borrowed by the Company from Key Bank, Crossroads Office, Salt Lake City, Utah, and is payable by the Company in accordance with the terms of a Promissory Note dated December 16, 1994, bearing interest at one-half percent per annum above the bank's prime rate, and payable in monthly payments in the amount of \$36,420, with the unpaid principal balance, together with accrued interest and other charges, due and payable on December 16, 1999. The remainder of the purchase price came from the Company's internal funds.

On February 3, 1995, the Company purchased approximately 100 acres of real property (the "Property") located in San Diego, California, approximately 35 acres of which will be used for the development of a cemetery. The purchase price of the property was \$1,162,000, \$100,000 of which was paid in cash and the balance of \$1,062,000, together with interest thereon at the rate of nine percent (9%) per annum, will be paid in 12 monthly payments of \$5,000, thereafter in equal monthly payments of \$10,000; however, interest shall not accrue on any part of the principal balance until February 3, 1996, and a principal payment of \$100,000 is to be made 15 days after the date the California Cemetery Board approves the Company's application for Certificate of Authority, or February 3, 1996, whichever occurs first.

The Company has invested and deferred approximately \$2,172,000 in option fees and costs of various regulatory studies, including environmental, water, and archaeological studies. The Company has been given approval from the federal government and the California Cemetery Board to operate a cemetery. The development of the cemetery will be financed internally as well as through a private offering. Initial development of 35 acres to operate as a cemetery would cost approximately \$500,000.

On March 8, 1995, the Company was issued 97,800 shares of common stock of Greer-Wilson Funeral Home, Inc. ("Greer-Wilson"), representing 97.8% of the total issued and outstanding shares of common stock of Greer-Wilson after the issuance of such shares. In consideration for the purchase of such shares, the Company agreed to contribute \$430,000 to Greer-Wilson for the payment of its accounts payable, or to assume payment of the accounts payable, and to pay or refinance Greer-Wilson's existing mortgage loan indebtedness; and to pay the former President, Mr. Greer, and his wife \$6,000 per month over a ten year period for providing consulting services. The Company also loaned the former President and his wife the sum of \$200,000 to be paid on March 8, 2005, together with interest thereon at the rate of seven percent (7%) per annum. This obligation is collateralized by a pledge of the remaining 2,200 shares of Greer-Wilson's common stock that is currently owned by Mr. Greer.

At September 30, 1995, \$9,526,956 of the Company's consolidated stockholders' equity represents the statutory stockholder's equity of the Company's insurance subsidiary Security National Life and Capital Investors Life. Security National and Capital Investors are restricted to the amount of dividends they may pay depending upon their earnings and surplus. Generally, Security National's and Capital Investors' excess surplus as calculated under the Utah Insurance Code is not restricted except for prior notification to the Department of Insurance if the dividend exceeded the preceding year's earnings.

Part II Other Information:

Item 1. NONE

Item 2. NONE

Item 3. NONE

Item 4. NONE

Item 5. NONE

Item 6. The Company filed a report on Form 8-K with the Securities and Exchange Commission on May 3, 1995. The reports supplied information under Section 2 thereof, captioned "Acquisition or Disposition of Assets," which was related to the acquisition of Greer-Wilson Funeral Home, Inc.

(a)(3) Exhibits

The following Exhibits are filed herewith pursuant to Rule 601 of Regulation S-K or are incorporated by reference to previous filings.

Exhibit

Table No	Document
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(a)(3) Exhibits:

	EX-27
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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT
SECURITY NATIONAL FINANCIAL CORPORATION
Registrant

DATED: November 13, 1995

By: Scott M. Quist,
First Vice President, General
Counsel, Treasurer and Principal
Accounting Officer

DATED: November 13, 1995

By: George R. Quist
President

9-MOS

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SEP-30-1995

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