

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2025**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: **000-09341**

SECURITY NATIONAL FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

UTAH

(State or other jurisdiction of incorporation or organization)

87-0345941

(I.R.S. Employer Identification No.)

433 Ascension Way, 6th Floor, Salt Lake City, Utah
(Address of principal executive offices)

84123
(Zip Code)

(801) 264-1060

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Class A Common Stock	SNFCA	The Nasdaq Global Select Market

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

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 8, 2025, the registrant had 22,394,866 shares of Class A Common Stock, \$2.00 par value, outstanding and 3,587,616 shares of Class C Common Stock, \$2.00 par value, outstanding.

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q**

QUARTER ENDED JUNE 30, 2025

Table of Contents

		Page No.
<u>Part I - Financial Information</u>		
Item 1.	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets as of June 30, 2025 (unaudited) and December 31, 2024</u>	3-4
	<u>Condensed Consolidated Statements of Earnings for the three and six month periods ended June 30, 2025 and 2024 (unaudited)</u>	5
	<u>Condensed Consolidated Statements of Comprehensive Income for the three and six month periods ended June 30, 2025 and 2024 (unaudited)</u>	6
	<u>Condensed Consolidated Statements of Stockholders' Equity as of June 30, 2025 and June 30, 2024 (unaudited)</u>	7
	<u>Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 2025 and 2024 (unaudited)</u>	8-9
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	10
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	68
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	74
Item 4.	<u>Controls and Procedures</u>	74
<u>Part II - Other Information</u>		
Item 1.	<u>Legal Proceedings</u>	75
Item 1A.	<u>Risk Factors</u>	75
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	75
Item 3.	<u>Defaults Upon Senior Securities</u>	76
Item 4.	<u>Mine Safety Disclosures</u>	76
Item 5.	<u>Other Information</u>	76
Item 6.	<u>Exhibits</u>	76
	<u>Signatures</u>	77

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Part I - Financial Information

Item 1. Financial Statements.

Assets	June 30, 2025	December 31, 2024
Investments:		
Fixed maturity securities, available for sale, at estimated fair value (amortized cost of \$393,340,165 and \$376,012,071 for 2025 and 2024, respectively; net of allowance for credit losses of \$486,986 and \$420,993 for 2025 and 2024, respectively)	\$ 390,441,720	\$ 366,546,129
Equity securities at estimated fair value (cost of \$11,657,063 and \$11,386,454 for 2025 and 2024, respectively)	16,556,531	15,771,681
Mortgage loans held for investment (net of allowance for credit losses of \$2,640,744 and \$1,885,390 for 2025 and 2024, respectively)	324,403,996	301,747,358
Real estate held for investment (net of accumulated depreciation of \$34,288,777 and \$31,419,539 for 2025 and 2024, respectively)	213,045,016	197,693,338
Real estate held for sale	3,093,040	1,278,033
Other investments and policy loans (net of allowance for credit losses of \$1,481,032 and \$1,536,926 for 2025 and 2024, respectively)	85,691,489	74,855,041
Accrued investment income	9,659,711	8,499,168
Total investments	<u>1,042,891,503</u>	<u>966,390,748</u>
Cash and cash equivalents	79,317,770	140,546,421
Loans held for sale at estimated fair value	165,876,119	131,181,148
Receivables (net of allowance for credit losses of \$1,491,043 and \$1,678,531 for 2025 and 2024, respectively)	15,468,678	15,858,743
Restricted assets (including \$13,778,778 and \$12,323,535 for 2025 and 2024 respectively, at estimated fair value)	29,461,821	23,806,836
Cemetery perpetual care trust investments (including \$6,043,952 and \$5,689,706 for 2025 and 2024, respectively, at estimated fair value)	9,282,641	8,836,503
Receivable from reinsurers	13,743,832	13,831,093
Cemetery land and improvements	10,494,356	10,594,632
Deferred policy and pre-need contract acquisition costs	123,153,276	122,661,298
Mortgage servicing rights, net	2,714,310	2,939,878
Property and equipment, net	18,653,288	19,047,688
Value of business acquired	6,965,527	7,491,600
Goodwill	5,253,783	5,253,783
Other	20,701,203	21,366,843
Total Assets	<u>\$ 1,543,978,107</u>	<u>\$ 1,489,807,214</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

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

	June 30, 2025	December 31, 2024
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits and unpaid claims	\$ 959,492,863	\$ 944,811,843
Unearned premium reserve	1,912,897	2,011,679
Bank and other loans payable	122,931,941	106,740,104
Deferred pre-need cemetery and mortuary contract revenues	21,589,242	20,168,405
Cemetery perpetual care obligation	5,788,630	5,642,693
Accounts payable	6,232,317	2,937,293
Other liabilities and accrued expenses	55,982,263	55,633,661
Income taxes	15,293,236	13,079,257
Total liabilities	1,189,223,389	1,151,024,935
Stockholders' Equity		
Preferred Stock - non-voting - \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Class A: common stock - \$2.00 par value; 40,000,000 shares authorized; 22,391,637 shares issued and outstanding as of June 30, 2025 and 22,321,422 (1) shares issued and outstanding as of December 31, 2024	44,783,274	42,510,012
Class B: non-voting common stock - \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Class C: convertible common stock - \$2.00 par value; 6,000,000 shares authorized; 3,587,614 shares issued and outstanding as of June 30, 2025 and 3,492,672 (1) shares issued and outstanding as of December 31, 2024	7,175,228	6,643,666
Additional paid-in capital	89,068,179	79,698,367
Accumulated other comprehensive loss, net of taxes	(1,830,143)	(6,951,266)
Retained earnings	225,043,793	225,359,186
Treasury stock at cost - 1,161,072 Class A shares and 104,604 Class C shares as of June 30, 2025; and 1,081,281 (1) Class A shares and 104,604 (1) Class C shares as of December 31, 2024	(9,485,613)	(8,477,686)
Total stockholders' equity	354,754,718	338,782,279
Total Liabilities and Stockholders' Equity	\$ 1,543,978,107	\$ 1,489,807,214

(1) Issued and outstanding shares have been adjusted retroactively for the effect of annual stock dividends.

See accompanying notes to condensed consolidated financial statements (unaudited).

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues:				
Mortgage fee income	\$ 29,485,104	\$ 29,619,516	\$ 54,294,345	\$ 51,451,186
Insurance premiums and other considerations	30,185,854	29,960,558	59,965,379	59,812,651
Net investment income	20,580,988	18,044,808	39,783,612	37,991,376
Net mortuary and cemetery sales	7,257,717	7,768,947	14,557,938	14,717,438
Gains (losses) on investments and other assets	1,142,707	(377,239)	1,728,728	1,292,187
Other	888,779	774,746	1,950,870	1,714,696
Total revenues	<u>89,541,149</u>	<u>85,791,336</u>	<u>172,280,872</u>	<u>166,979,534</u>
Benefits and expenses:				
Death benefits	15,021,638	14,070,165	31,067,103	29,783,918
Surrenders and other policy benefits	1,231,654	1,042,940	2,433,209	2,258,733
Increase in future policy benefits	8,800,130	9,212,937	17,788,187	18,558,824
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	5,737,675	4,301,389	10,434,210	9,045,302
Selling, general and administrative expenses:				
Commissions	13,465,338	13,452,841	23,903,719	21,434,058
Personnel	22,171,345	20,802,576	44,353,753	40,657,711
Advertising	940,448	786,217	1,764,393	1,473,872
Rent and rent related	937,139	1,297,239	1,925,750	2,698,716
Depreciation on property and equipment	599,018	592,899	1,214,153	1,180,348
Costs related to funding mortgage loans	1,891,789	1,533,881	3,307,041	2,982,976
Other	7,955,635	6,999,384	15,356,322	13,285,294
Interest expense	1,293,438	1,073,816	2,412,966	2,101,290
Cost of goods and services sold-mortuaries and cemeteries	1,159,283	1,235,459	2,412,553	2,509,588
Total benefits and expenses	<u>81,204,530</u>	<u>76,401,743</u>	<u>158,373,359</u>	<u>147,970,630</u>
Earnings before income taxes	8,336,619	9,389,593	13,907,513	19,008,904
Income tax expense	<u>(1,830,264)</u>	<u>(2,118,044)</u>	<u>(3,062,866)</u>	<u>(4,262,833)</u>
Net earnings	<u>\$ 6,506,355</u>	<u>\$ 7,271,549</u>	<u>\$ 10,844,647</u>	<u>\$ 14,746,071</u>
Net earnings per Class A Equivalent common share (1)				
	<u>\$ 0.26</u>	<u>\$ 0.30</u>	<u>\$ 0.44</u>	<u>\$ 0.60</u>
Net earnings per Class A Equivalent common share-assuming dilution (1)				
	<u>\$ 0.25</u>	<u>\$ 0.29</u>	<u>\$ 0.42</u>	<u>\$ 0.59</u>
Weighted-average Class A equivalent common shares outstanding (1)				
	<u>24,767,601</u>	<u>24,474,232</u>	<u>24,733,733</u>	<u>24,490,545</u>
Weighted-average Class A equivalent common shares outstanding-assuming dilution (1)				
	<u>25,529,061</u>	<u>25,079,560</u>	<u>25,623,228</u>	<u>25,186,838</u>

(1) Net earnings per share amounts have been adjusted retroactively for the effect of annual stock dividends. The weighted-average shares outstanding includes the weighted-average Class A common shares and the weighted-average Class C common shares determined on an equivalent Class A common stock basis. Net earnings per common share represent net earnings per equivalent Class A common share.

See accompanying notes to condensed consolidated financial statements (unaudited).

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net earnings	\$ 6,506,355	\$ 7,271,549	\$ 10,844,647	\$ 14,746,071
Other comprehensive income:				
Unrealized gains (losses) on fixed maturity securities available for sale	\$ 2,693,245	(650,489)	\$ 6,481,974	(1,782,140)
Unrealized losses on restricted assets (1)	(4,819)	(1,694)	(532)	(3,583)
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(1,150)	(1,052)	1,665	(1,825)
Other comprehensive income (loss), before income tax	2,687,276	(653,235)	6,483,107	(1,787,548)
Income tax (expense) benefit	(563,765)	136,106	(1,361,984)	375,321
Other comprehensive income (loss), net of income tax	2,123,511	(517,129)	5,121,123	(1,412,227)
Comprehensive income	<u>\$ 8,629,866</u>	<u>\$ 6,754,420</u>	<u>\$ 15,965,770</u>	<u>\$ 13,333,844</u>

(1) Fixed maturity securities available for sale

See accompanying notes to condensed consolidated financial statements (unaudited).

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Six Months Ended June 30, 2025						
	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
December 31, 2024	\$42,510,012	\$ 6,643,666	\$79,698,367	\$ (6,951,266)	\$225,359,186	\$(8,477,686)	\$338,782,279
Net earnings	-	-	-	-	4,338,292	-	4,338,292
Other comprehensive income	-	-	-	2,997,612	-	-	2,997,612
Stock-based compensation expense	-	-	309,260	-	-	-	309,260
Exercise of stock options	132,546	190,674	(92,965)	-	-	(149,009)	81,246
Vesting of restricted stock units	920	-	(920)	-	-	-	-
Sale of treasury stock	-	-	90,895	-	-	136,367	227,262
Purchase of treasury stock	-	-	-	-	-	(242,265)	(242,265)
March 31, 2025	<u>\$42,643,478</u>	<u>\$ 6,834,340</u>	<u>\$80,004,637</u>	<u>\$ (3,953,654)</u>	<u>\$229,697,478</u>	<u>\$(8,732,593)</u>	<u>\$346,493,686</u>
Net earnings	-	-	-	-	6,506,355	-	6,506,355
Other comprehensive income	-	-	-	2,123,511	-	-	2,123,511
Stock-based compensation expense	-	-	320,379	-	-	-	320,379
Vesting of restricted stock units	6,174	-	(6,174)	-	-	-	-
Sale of treasury stock	-	-	63,807	-	-	208,399	272,206
Purchase of treasury stock	-	-	-	-	-	(961,419)	(961,419)
Conversion Class C to Class A	790	(790)	-	-	-	-	-
Stock dividends	2,132,832	341,678	8,685,530	-	(11,160,040)	-	-
June 30, 2025	<u>\$44,783,274</u>	<u>\$ 7,175,228</u>	<u>\$89,068,179</u>	<u>\$ (1,830,143)</u>	<u>\$225,043,793</u>	<u>\$(9,485,613)</u>	<u>\$354,754,718</u>
	Six Months Ended June 30, 2024						
	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
December 31, 2023	\$40,096,004	\$ 5,943,708	\$72,424,429	\$ (6,885,558)	\$206,978,373	\$(5,661,737)	\$312,895,219
Net earnings	-	-	-	-	7,474,522	-	7,474,522
Other comprehensive loss	-	-	-	(895,098)	-	-	(895,098)
Stock-based compensation expense	-	-	199,887	-	-	-	199,887
Vesting of restricted stock units	810	-	(810)	-	-	-	-
Sale of treasury stock	-	-	103,788	-	-	366,733	470,521
Purchase of treasury stock	-	-	-	-	-	(41,077)	(41,077)
Conversion Class C to Class A	348	(348)	-	-	-	-	-
March 31, 2024	<u>\$40,097,162</u>	<u>\$ 5,943,360</u>	<u>\$72,727,294</u>	<u>\$ (7,780,656)</u>	<u>\$214,452,895</u>	<u>\$(5,336,081)</u>	<u>\$320,103,974</u>
Net earnings	-	-	-	-	7,271,549	-	7,271,549
Other comprehensive loss	-	-	-	(517,129)	-	-	(517,129)
Stock-based compensation expense	-	-	184,066	-	-	-	184,066
Exercise of stock options	64,164	-	(17,982)	-	-	-	46,182
Vesting of restricted stock units	920	-	(920)	-	-	-	-
Sale of treasury stock	-	-	13,201	-	-	252,208	265,409
Purchase of treasury stock	-	-	-	-	-	(1,588,058)	(1,588,058)
Conversion Class C to Class A	184	(184)	-	-	-	-	-
Stock dividends	2,009,442	297,156	5,847,226	-	(8,153,824)	-	-
June 30, 2024	<u>\$42,171,872</u>	<u>\$ 6,240,332</u>	<u>\$78,752,885</u>	<u>\$ (8,297,785)</u>	<u>\$213,570,620</u>	<u>\$(6,671,931)</u>	<u>\$325,765,993</u>

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net cash provided by operating activities	\$ 1,904,880	\$ 8,104,137
Cash flows from investing activities:		
Purchases of fixed maturity securities	(54,885,176)	(34,437,326)
Sales, calls and maturities of fixed maturity securities	36,743,084	65,265,141
Purchases of equity securities	(1,602,500)	(2,658,514)
Sales of equity securities	1,529,484	1,996,963
Purchases of restricted assets	(2,397,575)	(1,116,336)
Sales, calls and maturities of restricted assets	1,330,555	483,871
Purchases of cemetery perpetual care trust investments	(144,567)	(49,443)
Sales, calls and maturities of perpetual care trust investments	955,014	122,773
Mortgage loans held for investment, other investments and policy loans made	(446,677,580)	(364,394,871)
Payments received for mortgage loans held for investment, other investments and policy loans	412,639,393	352,904,166
Purchases of property and equipment	(884,076)	(423,139)
Sales of property and equipment	1,200	377,521
Purchases of real estate	(38,492,419)	(27,823,031)
Sales of real estate	19,442,304	23,136,542
Net cash provided by (used in) investing activities	(72,442,859)	13,384,317
Cash flows from financing activities:		
Investment contract receipts	6,230,904	6,775,570
Investment contract withdrawals	(8,421,749)	(7,864,720)
Proceeds from stock options exercised	81,246	46,182
Purchases of treasury stock	(1,203,684)	(1,629,135)
Repayment of bank loans	(18,012,268)	(939,619)
Proceeds from bank loans	32,000,000	-
Net change in warehouse line borrowings for loans held for sale	2,164,373	(1,114,584)
Net cash provided by (used in) financing activities	12,838,822	(4,726,306)
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	(57,699,157)	16,762,148
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	150,102,620	139,923,399
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 92,403,463	\$ 156,685,547
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 2,422,711	\$ 2,107,045
Income taxes (net of refunds)	2,228,099	3,024,742
Non Cash Operating, Investing and Financing Activities:		
Transfer from fixed maturity securities available for sale to other investments	\$ 1,185,603	\$ -
Right-of-use assets obtained in exchange for operating lease liabilities	1,069,880	1,130,610
Benefit plans funded with treasury stock	499,468	735,930
Loans held for sale foreclosed into real estate held for sale	380,000	858,977
Transfer of loans held for sale to mortgage loans held for investment	828,063	1,867,552

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents as shown in the condensed consolidated statements of cash flows are presented in the table below:

	June 30, 2025	June 30, 2024
Cash and cash equivalents	\$ 79,317,770	\$ 143,632,984
Restricted assets	12,680,488	11,849,488
Cemetery perpetual care trust investments	405,205	1,203,075
Total cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 92,403,463</u>	<u>\$ 156,685,547</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Articles 8 and 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended December 31, 2024, included in the Company's Annual Report on Form 10-K (File Number 000-09341). 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 six month periods ended June 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to adopt policies and make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In applying these policies and estimates, the Company makes judgments that frequently require assumptions about matters that are inherently uncertain. Accordingly, significant estimates used in the preparation of the Company's financial statements may be subject to significant adjustments in future periods. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant changes in the near term are those used in determining the value of derivative assets and liabilities; those used in determining deferred acquisition costs and the value of business acquired; those used in determining the liability for future policy benefits; those used in determining the value of loans held for sale; and those used in determining loan loss reserve. Although some variability is inherent in these estimates, management believes the amounts provided are fairly stated in all material respects.

2) Recent Accounting Pronouncements

Accounting Standards Issued But Not Yet Adopted

ASU No. 2018-12: “Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts”— Issued in August 2018, ASU 2018-12 is intended to improve the timeliness of recognizing changes in the liability for future policy benefits on traditional long-duration contracts by requiring that assumptions be updated after contract inception and by modifying the rate used to discount future cash flows. The standard is aimed at improving the accounting for certain market-based options or guarantees associated with deposit or account balance contracts, simplifying amortization of deferred acquisition costs while improving and expanding required disclosures. In November 2020, ASU No. 2020-11: “Financial Services – Insurance (Topic 944): Effective Date and Early Application,” was issued. This ASU was issued to provide additional time for the implementation of ASU No. 2018-12 by deferring the effective date by one year. For smaller reporting companies, this update is effective for annual reporting periods beginning after December 15, 2024, and interim reporting periods beginning after December 15, 2025. The Company will adopt the standard commencing with its annual reporting period ending December 31, 2025. The Company is nearing completion of its analysis and implementation of the new standard, including the identification of cohorts, system updates, and design. The Company has engaged its team of actuaries, accountants, and systems specialists and consulted external system providers as part of the implementation. The adoption of this guidance is expected to have an impact on its financial position, results of operations, and disclosures, as well as systems, processes and controls. The Company continues to evaluate the impact of the new guidance on its consolidated financial statements.

ASU No. 2023-09: “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”— Issued in December 2023, ASU 2023-09 requires that public business entities, on an annual basis: (i) disclose specific categories in the rate reconciliation and (ii) provide additional information for reconciling items that meet a quantitative threshold. In addition, the amendments in this update require that all entities disclose on an annual basis the following information about income taxes paid: (i) the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and (ii) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). ASU 2023-09 is effective for the Company for the annual reporting periods beginning January 1, 2025. The Company will adopt the standard commencing with its annual reporting period ending December 31, 2025. The Company does not anticipate that the adoption of ASU 2023-09 will have a material impact on the consolidated financial statements.

ASU No. 2024-03: “Income Statement-Reporting Comprehensive Income- Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”— Issued in November 2024, ASU 2024-03 requires public business entities to disclose, in the notes to the consolidated financial statements, specified information about certain expenses at each interim and annual reporting period. ASU 2024-03 requires disclosures about specific types of expenses (i.e., (a) purchases of inventory, (b) employee compensation, (c) depreciation and (d) intangible asset amortization) included in the expense captions presented on the face of the statement of earnings as well as disclosures about selling expenses. ASU 2024-03 does not change the requirements for the presentation of expenses on the statement of earnings. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Accordingly, the Company will adopt the standard commencing with its annual reporting period ending December 31, 2027. The Company is in the process of estimating the potential impact of the new guidance on the consolidated financial statements.

The Company has reviewed other recent accounting pronouncements and has determined that they will not significantly impact the Company’s results of operations or financial position.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments

The Company's investments as of June 30, 2025 are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses (1)</u>	<u>Allowance for Credit Losses</u>	<u>Estimated Fair Value</u>
<u>June 30, 2025:</u>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 77,652,340	\$ 888,144	\$ (247,044)	\$ -	\$ 78,293,440
Obligations of states and political subdivisions	3,550,803	15,484	(213,175)	-	3,353,112
Corporate securities including public utilities	284,854,952	5,161,683	(4,397,245)	(474,937)	285,144,453
Mortgage-backed securities	26,532,070	119,743	(3,743,849)	(12,049)	22,895,915
Redeemable preferred stock	750,000	4,800	-	-	754,800
Total fixed maturity securities available for sale	<u>\$ 393,340,165</u>	<u>\$ 6,189,854</u>	<u>\$ (8,601,313)</u>	<u>\$ (486,986)</u>	<u>\$ 390,441,720</u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 11,657,063	\$ 5,506,182	\$ (606,714)		\$ 16,556,531
Total equity securities at estimated fair value	<u>\$ 11,657,063</u>	<u>\$ 5,506,182</u>	<u>\$ (606,714)</u>		<u>\$ 16,556,531</u>
Mortgage loans held for investment at amortized cost:					
Residential	\$ 92,656,929				
Residential construction	165,707,402				
Commercial	71,180,249				
Less: Unamortized deferred loan fees, net	(2,230,234)				
Less: Allowance for credit losses	(2,640,744)				
Less: Net discounts	(269,606)				
Total mortgage loans held for investment	<u>\$ 324,403,996</u>				
Real estate held for investment - net of accumulated depreciation:					
Residential	\$ 88,976,901				
Commercial	124,068,115				
Total real estate held for investment	<u>\$ 213,045,016</u>				
Real estate held for sale:					
Residential	\$ 2,941,487				
Commercial	151,553				
Total real estate held for sale	<u>\$ 3,093,040</u>				
Other investments and policy loans at amortized cost:					
Policy loans	\$ 14,208,030				
Insurance assignments	45,161,992				
Federal Home Loan Bank stock (2)	1,324,800				
Other investments	26,477,699				
Less: Allowance for credit losses for insurance assignments	(1,481,032)				
Total other investments and policy loans	<u>\$ 85,691,489</u>				
Accrued investment income	<u>\$ 9,659,711</u>				
Total investments	<u>\$ 1,042,891,503</u>				

(1) Gross unrealized losses are net of allowance for credit losses

(2) Includes \$581,600 of Membership stock and \$743,200 of Activity stock attributable to short-term borrowings and letters of credit.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The Company's investments as of December 31, 2024 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	Allowance for Credit Losses	Estimated Fair Value
<u>December 31, 2024:</u>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 74,680,606	\$ 327,618	\$ (486,976)	\$ -	\$ 74,521,248
Obligations of states and political subdivisions	6,416,751	1,762	(290,448)	-	6,128,065
Corporate securities including public utilities	262,954,278	2,444,842	(6,922,871)	(408,944)	258,067,305
Mortgage-backed securities	31,710,436	125,764	(4,244,640)	(12,049)	27,579,511
Redeemable preferred stock	250,000	-	-	-	250,000
Total fixed maturity securities available for sale	<u>\$ 376,012,071</u>	<u>\$ 2,899,986</u>	<u>\$ (11,944,935)</u>	<u>\$ (420,993)</u>	<u>\$ 366,546,129</u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 11,386,454	\$ 4,976,567	\$ (591,340)		\$ 15,771,681
Total equity securities at estimated fair value	<u>\$ 11,386,454</u>	<u>\$ 4,976,567</u>	<u>\$ (591,340)</u>		<u>\$ 15,771,681</u>
Mortgage loans held for investment at amortized cost:					
Residential	\$ 92,061,787				
Residential construction	151,172,733				
Commercial	62,753,085				
Less: Unamortized deferred loan fees, net	(2,082,241)				
Less: Allowance for credit losses	(1,885,390)				
Less: Net discounts	(272,616)				
Total mortgage loans held for investment	<u>\$ 301,747,358</u>				
Real estate held for investment - net of accumulated depreciation:					
Residential	\$ 71,618,410				
Commercial	126,074,928				
Total real estate held for investment	<u>\$ 197,693,338</u>				
Real estate held for sale:					
Residential	\$ 1,126,480				
Commercial	151,553				
Total real estate held for sale	<u>\$ 1,278,033</u>				
Other investments and policy loans at amortized cost:					
Policy loans	\$ 14,019,248				
Insurance assignments	48,493,858				
Federal Home Loan Bank stock (2)	2,404,900				
Other investments	11,473,961				
Less: Allowance for credit losses for insurance assignments	(1,536,926)				
Total policy loans and other investments	<u>\$ 74,855,041</u>				
Accrued investment income	<u>\$ 8,499,168</u>				
Total investments	\$ 966,390,748				

(1) Gross unrealized losses are net of allowance for credit losses

(2) Includes \$553,900 of Membership stock and \$1,851,000 of Activity stock due to short-term advances and letters of credit.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

There were no investments in fixed maturity securities or equity securities, aggregated by issuer, of more than 10% of shareholders' equity (before net unrealized gains and losses on equity securities and fixed maturity securities) as of June 30, 2025, other than investments issued or guaranteed by the United States Government.

Fixed Maturity Securities

The table below summarizes unrealized losses on fixed maturity securities available for sale that were carried at estimated fair value as of June 30, 2025 and December 31, 2024. The fair values of fixed maturity securities are based on quoted market prices, when available. For fixed maturity securities that are not actively traded, fair values are estimated using values obtained from independent pricing services, or in the case of private placements, are estimated by discounting expected future cash flows using a current market value applicable to the coupon rate, credit and maturity of the investments. The table below sets forth unrealized losses by duration with the fair value of the related fixed maturity securities.

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Combined Fair Value
June 30, 2025						
U.S. Treasury securities and obligations of U.S.						
Government agencies	\$ 26,314	\$ 11,809,789	\$ 220,730	\$ 10,858,448	\$ 247,044	\$ 22,668,237
Obligations of states and political subdivisions	5,234	194,766	207,941	2,209,174	213,175	2,403,940
Corporate securities	572,966	38,970,717	3,824,279	71,639,210	4,397,245	110,609,927
Mortgage-backed securities	5,410	638,290	3,738,439	18,084,388	3,743,849	18,722,678
Totals	\$ 609,924	\$ 51,613,562	\$ 7,991,389	\$ 102,791,220	\$ 8,601,313	\$ 154,404,782
December 31, 2024						
U.S. Treasury securities and obligations of U.S.						
Government agencies	\$ 8,737	\$ 986,365	\$ 478,239	\$ 22,110,495	\$ 486,976	\$ 23,096,860
Obligations of states and political subdivisions	15,003	2,167,918	275,445	3,008,385	290,448	5,176,303
Corporate securities including public utilities	1,888,022	93,562,219	5,034,849	77,975,776	6,922,871	171,537,995
Mortgage-backed securities	32,150	2,915,192	4,212,490	19,041,442	4,244,640	21,956,634
Totals	\$ 1,943,912	\$ 99,631,694	\$ 10,001,023	\$ 122,136,098	\$ 11,944,935	\$ 221,767,792

Relevant holdings were comprised of 477 securities with fair values aggregating 94.7% of the aggregate amortized cost as of June 30, 2025, compared to 706 securities with fair values aggregating 94.9% of the aggregate amortized cost as of December 31, 2024. A credit loss release of \$20,313 and of \$16,289 have been recognized for the three month periods ended June 30, 2025 and 2024, respectively. A credit loss provision of \$65,993 and of \$79,711 have been recognized for the six month periods ended June 30, 2025 and 2024, respectively. Credit losses are included in gains (losses) on investments and other assets on the condensed consolidated statements of earnings. Other unrealized losses for which no credit loss was recognized are primarily the result of increases in interest rates.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Evaluation of Allowance for Credit Losses

The Company evaluates its fixed maturity securities classified as available for sale on a quarterly basis to identify any potential credit losses. This evaluation includes a review of current ratings by the National Association of Insurance Commissioners (“NAIC”) and other industry rating agencies. Securities with NAIC rating of 1 or 2 are considered investment grade and are only reviewed for credit loss if current market data or recent company news could lead to a credit downgrade. Securities with NAIC ratings of 3 to 5 are considered non-investment grade and are evaluated for credit loss. The evaluation involves assessing all facts and circumstances surrounding each security including, but not limited to, historical values, interest payment history, projected earnings, and revenue growth rates as well as a review of the reason for a downgrade in the NAIC rating. Based on the analysis of a security that is rated 3 to 5, a determination is made whether the security will likely make interest and principal payments in accordance with the terms of the financial instrument. Securities with a rating of 6 are automatically determined to be impaired and a credit loss is recognized in earnings.

Where the decline in fair value of fixed maturity securities is attributable to changes in market interest rates or to factors such as market volatility, liquidity and spread widening, and the Company anticipates recovery of all contractual or expected cash flows, the Company does not consider these securities to have credit loss because the Company does not intend to sell these securities and it is not more likely than not the Company will be required to sell these securities before a recovery of amortized cost, which may be at maturity.

If the Company intends to sell a fixed maturity security or if it is more likely than not that the Company will be required to sell a security before recovery of its amortized cost basis, a credit loss has occurred and the difference between the amortized cost and the fair value that relates to the expected credit loss is recognized as a loss in earnings, included in gains (losses) on investments and other assets on the condensed consolidated statements of earnings.

If the Company does not intend to sell a fixed maturity security and it is less likely than not that the Company will be required to sell the security but the Company also does not expect to recover the entire amortized cost basis of the security, a credit loss is recognized in earnings for the amount of the expected credit loss with a corresponding allowance for credit losses as a contra-asset account. The credit loss is included in gains (losses) on investments and other assets on the condensed consolidated statements of earnings. The recognized credit loss is limited to the total unrealized loss on the security due to a change in credit.

Amounts due on available for sale fixed maturities that are deemed to be uncollectible are written off and removed from the allowance for credit loss. A write-off may also occur if the Company intends to sell a security or when it is more likely than not that the Company will be required to sell the security before the recovery of its amortized cost.

The Company does not calculate a credit loss allowance on accrued interest income, included in accrued investment income on the condensed consolidated balance sheets, as the Company writes off any accrued interest income to net investment income if the accrued but unpaid amount exceeds 90 days.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Credit Quality Indicators

Based on the NAIC securities designations, the Company had 98.1% and 97.7% of its fixed maturity securities rated investment grade as of June 30, 2025 and December 31, 2024, respectively. The following table summarizes the credit quality, by NAIC designation, of the Company's fixed maturity securities available for sale, excluding redeemable preferred stock.

NAIC Designation	June 30, 2025		December 31, 2024	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
1	\$ 201,287,345	\$ 199,440,878	\$ 188,386,980	\$ 183,460,027
2	183,343,661	182,932,186	178,060,265	174,405,442
3	6,718,721	6,289,774	7,961,422	7,342,220
4	530,927	521,810	649,592	600,459
5	708,496	502,272	702,643	487,981
6	1,015	-	1,169	-
Total	\$ 392,590,165	\$ 389,686,920	\$ 375,762,071	\$ 366,296,129

The following tables present a roll forward of the Company's allowance for credit losses on fixed maturity securities available for sale for the three month periods ended June 30, 2025 and 2024:

	Three Months Ended June 30, 2025				
	U.S. Treasury securities and obligations of U.S. Government agencies	Obligations of states and political subdivisions	Corporate securities including public utilities	Mortgage-backed securities	Total
Beginning balance - March 31, 2025	\$ -	\$ -	\$ 495,251	\$ 12,049	\$ 507,300
Additions for credit losses not previously recorded	-	-	-	-	-
Change in allowance on securities with previous allowance	-	-	(20,444)	-	(20,444)
Reductions for securities sold during the period	-	-	-	-	-
Reductions for securities with credit losses due to intent to sell	-	-	-	-	-
Write-offs charged against the allowance	-	-	-	-	-
Recoveries of amounts previously written off	-	-	130	-	130
Ending Balance - June 30, 2025	\$ -	\$ -	\$ 474,937	\$ 12,049	\$ 486,986

	Three Months Ended June 30, 2024				
	U.S. Treasury securities and obligations of U.S. Government agencies	Obligations of states and political subdivisions	Corporate securities including public utilities	Mortgage-backed securities	Total
Beginning balance - March 31, 2024	\$ -	\$ -	\$ 398,500	\$ 12,049	\$ 410,549
Additions for credit losses not previously recorded	-	-	-	-	-
Change in allowance on securities with previous allowance	-	-	(16,289)	-	(16,289)
Reductions for securities sold during the period	-	-	-	-	-
Reductions for securities with credit losses due to intent to sell	-	-	-	-	-
Write-offs charged against the allowance	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-
Ending Balance - June 30, 2024	\$ -	\$ -	\$ 382,211	\$ 12,049	\$ 394,260

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The following tables present a roll forward of the Company's allowance for credit losses on fixed maturity securities available for sale for the six month periods ended June 30, 2025 and 2024:

	Six Months Ended June 30, 2025				
	U.S. Treasury securities and obligations of U.S. Government agencies	Obligations of states and political subdivisions	Corporate securities including public utilities	Mortgage-backed securities	Total
Beginning balance - December 31, 2024	\$ -	\$ -	\$ 408,944	\$ 12,049	\$ 420,993
Additions for credit losses not previously recorded	-	-	72,000	-	72,000
Change in allowance on securities with previous allowance	-	-	(6,007)	-	(6,007)
Reductions for securities sold during the period	-	-	-	-	-
Reductions for securities with credit losses due to intent to sell	-	-	-	-	-
Write-offs charged against the allowance	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-
Ending Balance - June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,937</u>	<u>\$ 12,049</u>	<u>\$ 486,986</u>

	Six Months Ended June 30, 2024				
	U.S. Treasury securities and obligations of U.S. Government agencies	Obligations of states and political subdivisions	Corporate securities including public utilities	Mortgage-backed securities	Total
Beginning balance - December 31, 2023	\$ -	\$ -	\$ 308,500	\$ 6,049	\$ 314,549
Additions for credit losses not previously recorded	-	-	30,000	6,000	36,000
Change in allowance on securities with previous allowance	-	-	43,711	-	43,711
Reductions for securities sold during the period	-	-	-	-	-
Reductions for securities with credit losses due to intent to sell	-	-	-	-	-
Write-offs charged against the allowance	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-
Ending Balance - June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,211</u>	<u>\$ 12,049</u>	<u>\$ 394,260</u>

The table below presents the amortized cost and the estimated fair value of fixed maturity securities available for sale as of June 30, 2025, by contractual maturity. Actual or expected maturities may differ from contractual maturities because certain securities afford the issuer the right to call or prepay its obligations.

	Amortized Cost	Estimated Fair Value
Due in 1 year	\$ 13,289,170	\$ 13,145,351
Due in 2-5 years	136,097,256	136,429,699
Due in 5-10 years	131,592,054	133,912,390
Due in more than 10 years	85,079,615	83,303,565
Mortgage-backed securities	26,532,070	22,895,915
Redeemable preferred stock	750,000	754,800
Total	<u>\$ 393,340,165</u>	<u>\$ 390,441,720</u>

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Information regarding sales of fixed maturity securities available for sale is presented as follows.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Proceeds from sales	\$ 15,172	\$ 427,253	\$ 2,764,641	\$ 607,242
Gross realized gains	-	24,031	526	24,334
Gross realized losses	(711)	(36,646)	(542)	(37,499)

Assets on Deposit, Held in Trust, and Pledged as Collateral

Assets on deposit with life insurance regulatory authorities as required by law were as follows:

	As of June 30, 2025	As of December 31, 2024
Fixed maturity securities available for sale at estimated fair value	\$ 7,469,005	\$ 6,126,589
Other investments	424,543	400,000
Cash and cash equivalents	1,526,397	1,444,654
Total assets on deposit	<u>\$ 9,419,945</u>	<u>\$ 7,971,243</u>

Assets held in trust related to third-party reinsurance agreements were as follows:

	As of June 30, 2025	As of December 31, 2024
Fixed maturity securities available for sale at estimated fair value	\$ 25,814,271	\$ 25,309,270
Cash and cash equivalents	4,766,926	4,417,683
Total assets on deposit	<u>\$ 30,581,197</u>	<u>\$ 29,726,953</u>

The Company is a member of the Federal Home Loan Bank of Des Moines and Dallas ("FHLB"). Assets pledged as collateral with the FHLB are presented below. These pledged securities are used as collateral for any FHLB cash advances. As of June 30, 2025, the Company owed \$15,000,000 to the FHLB for advances. The Company received \$32,000,000 in advances and repaid \$17,000,000 of these advances during the second quarter of 2025.

	As of June 30, 2025	As of December 31, 2024
Fixed maturity securities available for sale at estimated fair value	\$ 62,848,520	\$ 63,800,454

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Real Estate Held for Investment and Held for Sale

The Company strategically deploys resources into real estate assets to match the income and yield durations of its primary obligations. The sources for these real estate assets come through its various business units in the form of acquisition, development, and mortgage foreclosures.

Commercial Real Estate Held for Investment and Held for Sale

The Company owns, invests in and manages commercial real estate as a means of both generating investment income and providing workspace for its employees. This asset class is acquired in accordance with the Company's goals and objectives for risk-adjusted returns. Due diligence is conducted on each asset using internal and third-party resources. The geographic locations and asset sub-classes of investments are determined by senior management under the direction of the Board of Directors.

The Company employs full-time employees to attend to the day-to-day operations of its commercial real estate within the greater Salt Lake area and close surrounding markets. The Company utilizes third party property managers where the geographic location does not warrant full-time staff or through strategic lease-up periods. The Company generally acquires commercial real estate in connection with company acquisitions or that are in regions expected to have high growth in employment and population and that provide operational efficiencies.

The Company currently owns and operates six commercial properties in two states. These properties include office buildings, flex office space, and the redevelopment and expansion of its corporate campus ("Center53") in Salt Lake City, Utah. The Company uses bank debt in strategic cases, primarily where it is anticipated to improve yields, or facilitate the acquisition of higher quality assets or asset class diversification.

The aggregate net book value of commercial real estate serving as collateral for bank loans was \$117,337,770 and \$119,889,846 as of June 30, 2025 and December 31, 2024, respectively. The associated bank loan carrying values totaled \$95,074,196 and \$96,007,488 as of June 30, 2025 and December 31, 2024, respectively.

During the three and six month periods ended June 30, 2025 and 2024, the Company did not record any impairment losses on commercial real estate held for investment or held for sale. Impairment losses, if any, are included in gains (losses) on investment and other assets on the condensed consolidated statements of earnings.

During the three month periods ended June 30, 2025 and 2024, the Company recorded depreciation expense on commercial real estate held for investment of \$1,432,921 and \$1,418,301, respectively, and of \$2,854,937 and \$2,946,094 during the six month periods ended June 30, 2025 and 2024, respectively. Commercial real estate held for investment is stated at cost and is depreciated over the estimated useful life, primarily using the straight-line method. Depreciation is included in net investment income on the condensed consolidated statements of earnings.

The Company's commercial real estate held for investment is summarized as follows as of the respective dates indicated:

	Net Book Value		Total Square Footage	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Utah (1)	\$ 124,049,860	\$ 126,056,342	546,941	546,941
Louisiana	18,255	18,586	1,622	1,622
	<u>\$ 124,068,115</u>	<u>\$ 126,074,928</u>	<u>548,563</u>	<u>548,563</u>

(1) Includes Center53

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The Company's commercial real estate held for sale is summarized as follows as of the respective dates indicated:

	Net Book Value	
	June 30, 2025	December 31, 2024
Mississippi (1)	\$ 151,553	\$ 151,553
	<u>\$ 151,553</u>	<u>\$ 151,553</u>

(1) Consists of approximately 93 acres of undeveloped land

Commercial Real Estate Owned and Occupied by the Company

The primary business units of the Company occupy a portion of the real estate owned by the Company. As of June 30, 2025, real estate owned and occupied by the Company is summarized as follows:

Location	Business Segment	Approximate Square Footage	Square Footage Occupied by the Company
	Corporate Offices, Life Insurance, Cemetery/Mortuary Operations, and Mortgage Operations and Sales		
433 Ascension Way, Floors 4, 5 and 6, Salt Lake City, UT - Center53 Building 2 (1)		216,865	50%
1818 Marshall Street, Shreveport, LA (2)	Life Insurance Operations	12,274	100%
812 Sheppard Street, Minden, LA (2) (3)	Life Insurance Sales	1,560	100%

(1) Included in real estate held for investment on the condensed consolidated balance sheets

(2) Included in property and equipment on the condensed consolidated balance sheets

(3) Listed for sale

Residential Real Estate Held for Investment and Held for Sale

The Company occasionally acquires residential homes through the mortgage loan foreclosure process. The Company has the option to sell these properties or to continue to hold them for expected cash flow and price appreciation. The Company also looks for opportunities to acquire land that can be developed into single family lots. Once developed, finished lots are sold to builder partners and others.

During the three and six month periods ended June 30, 2025 and 2024 the Company did not record any impairment losses on residential real estate held for investment. Impairment losses, if any, are included in gains (losses) on investment and other assets on the condensed consolidated statements of earnings.

During the three month periods ended June 30, 2025 and 2024, the Company recorded depreciation expense on residential real estate held for investment of \$2,732 and \$2,653, respectively, and \$5,408 and \$5,305 during the six month periods ended June 30, 2025 and 2024, respectively. Residential real estate held for investment is stated at cost and is depreciated over the estimated useful life, primarily using the straight-line method. Depreciation is included in net investment income on the consolidated statements of earnings.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The Company's residential real estate held for investment is summarized as follows as of the respective dates indicated:

	Net Book Value	
	June 30, 2025	December 31, 2024
Utah (1)	\$ 88,976,901	\$ 71,618,410
	\$ 88,976,901	\$ 71,618,410

(1) Includes multiple residential subdivision development projects, refer to the following tables.

The Company also invests in residential subdivision developments. The following table presents additional information regarding the Company's residential subdivision development projects in Utah:

	June 30, 2025	December 31, 2024
Lots developed	246	231
Lots to be developed	1,163	1,046
Book Value	\$ 88,807,255	\$ 71,443,356

The Company's residential real estate held for sale is summarized as follows as of the respective dates indicated:

	Net Book Value	
	June 30, 2025	December 31, 2024
Utah	\$ 2,561,487 (1)	\$ 849,900
Florida	-	276,580
Georgia	380,000	-
	\$ 2,941,487	\$ 1,126,480

(1) Includes a residential subdivision development project for \$2,106,487

The net book value of foreclosed residential real estate included in residential real estate held for sale was \$835,000 and \$1,126,480 as of June 30, 2025 and December 31, 2024, respectively.

Mortgage Loans Held for Investment

Mortgage loans held for investment consist of first and second mortgages and are generally classified in three distinct group: Commercial, Residential and Residential Construction. These mortgage loans bear interest at rates ranging from 2.0% to 10.5%, maturity dates range from nine months to 30 years and have amortization periods of 0 to 30 years.

Concentrations of credit risk arise when a number of mortgage loan debtors have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. Although the Company has a diversified mortgage loan portfolio consisting of residential mortgages, commercial loans and residential construction loans and requires collateral on all real estate exposures, a substantial portion of the relevant debtors' ability to honor obligations is dependent upon the economic stability of the geographic region in which the debtors do business or are employed. As of June 30, 2025, the Company had 57%, 8%, 6%, 5%, 4% and 4%, of its mortgage loans from borrowers located in the states of Utah, Florida, Arizona, California, Texas, and Hawaii, respectively. As of December 31, 2024, the Company had 56%, 8%, 9% and 6% of its mortgage loans from borrowers located in the states of Utah, Florida, Arizona, and Texas, respectively.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Mortgage loans held for investment are carried at their unpaid principal balances adjusted for net deferred fees, charge-offs, premiums, discounts, and the related allowance for credit losses. Interest income is included in net investment income on the condensed consolidated statements of earnings and is recognized when earned. The Company defers related material loan origination fees, net of related direct loan origination costs, and amortizes the net fees over the terms of the loans. Origination fees are included in net investment income on the condensed consolidated statements of earnings.

Mortgage loans are secured by the underlying property and require an appraisal at the time of underwriting and funding. Generally, the Company requires that loans not exceed 80% of the fair market value of the respective loan collateral. For loans of more than 80% of the fair market value of the respective loan collateral, additional collateral or mortgage insurance by an approved third-party insurer is required.

Evaluation of Allowance for Credit Losses

The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the Company's mortgage loans held for investment to present the net amount expected to be collected. The Company reports in net earnings, as a credit loss expense, the amount necessary to adjust the allowance for credit losses for the Company's current estimate of expected credit losses on mortgage loans held for investment. This credit loss expense is included in other expenses on the condensed consolidated statements of earnings.

Once a mortgage loan is past due 90 days, it is the policy of the Company to end the accrual of interest income on the loan and reverse any interest income that had been accrued. Given this policy, the Company does not measure a credit loss allowance on accrued interest receivable. Accrued interest receivable is included in accrued investment income on the condensed consolidated balance sheets. Payments received for mortgage loans on a non-accrual status are recognized when received. The interest income recognized from payments received for mortgage loans on a non-accrual status was immaterial. Accrual of interest resumes if a mortgage loan is brought current. Interest not accrued on these loans totaled approximately \$343,000 and \$244,000 as of June 30, 2025 and December 31, 2024, respectively.

The Company measures expected credit losses based on the fair value of the collateral when the Company determines that foreclosure is probable. When a mortgage loan becomes delinquent, the Company proceeds to foreclose and all expenses for foreclosure are expensed as incurred. Once foreclosed, the property is classified as real estate held for investment or held for sale.

To determine the allowance for credit losses, the Company has segmented its mortgage loans held for investment by loan type. The Company's loan types are commercial, residential, and residential construction. The inherent risks within the portfolio vary depending upon the loan type as follows:

Commercial - Underwritten in accordance with the Company's policies to determine the borrower's ability to repay the obligation as agreed. Commercial loans are made primarily based on the underlying collateral supporting the loan. Accordingly, the repayment of a commercial loan depends primarily on the collateral and its ability to generate income and secondarily on the borrower's (or guarantor's) ability to repay.

Commercial loans are evaluated for credit loss by analyzing common metrics that are predictors for future credit losses such as debt service coverage ratio ("DSCR"), loan to value ("LTV"), local market conditions, borrower quality, and underlying collateral. The fair value of the underlying collateral is based on a third-party appraisal of the property at origination of the loan. The fair value is assessed if the loan becomes 90 days delinquent. The Company uses these metrics to pool similar loans. The allowance for credit losses is based on estimates, historical experience, probability of loss, value of the underlying collateral, and other factors that affect the collectability of the loan. The Company applies a future loss factor to the outstanding balance of each group to arrive at the allowance for credit losses.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Residential — These loans are secured by first and second mortgages on single-family dwellings. The borrower's ability to repay is sensitive to the life events and the general economic condition of the region. Where loan to value exceeds 80%, the loan is generally guaranteed by private mortgage insurance, the FHA, or VA.

Residential loans are evaluated for credit loss by using relevant available information from both internal and external sources. Among other things, the Company uses its historical delinquency information and considers current and forecasted economic conditions. External sources include a monthly analysis of its residential portfolio by a third party. The third party uses the Company's current loan data and runs it through various models to project cash flows and provide a projected life of loan loss. The models consider loan features such as loan type, loan to value, payment status, age, and current property values. Analyzing the information from the various sources allows the Company to arrive at the allowance for credit losses.

Residential construction (including land acquisition and development loans) – These loans are underwritten in accordance with the Company's underwriting policies, which include a financial analysis of the builders, borrowers (guarantors), construction cost estimates, and independent appraisal valuations, and factor in estimates of the value of construction projects upon completion. Construction loans generally involve the disbursement of substantial funds over a short period of time with repayment substantially dependent upon the success of the completed project and the ability of the borrower to secure long-term financing.

Additionally, land acquisition and development loans are underwritten in accordance with the Company's underwriting policies, which include independent appraisal valuations as well as the estimated value associated with the land upon completion of development into finished lots. These loans are of a higher risk than other mortgage loans due to their ultimate repayment being sensitive to general economic conditions, availability of long-term or construction financing, and interest rate sensitivity.

The Company advances funds in accordance with the loan agreements once the work has been completed and an independent inspection is made. The maximum loan commitment ranges between 50% and 85% of appraised value. The Company receives fees and interest for these loans and the interest rate is generally fixed at 5.25% to 8.50% per annum. Maturities range between six and eighteen months. The Company has commitments to fund existing construction and land development loans pursuant to the various loan agreements. As of June 30, 2025, the Company's commitments were approximately \$220,679,000 for these loans, of which \$168,666,015 had been drawn.

Residential construction mortgage loans are evaluated for credit loss by considering historical activity and current housing market trends to arrive at a per loan basis point allowance that is recognized at loan origination and for subsequent draws. The per loan basis point is reviewed at least annually or as loan losses or market trends require.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The following table presents a roll forward of the allowance for credit losses as of the dates indicated:

	Three Months Ended			
	Commercial	Residential	Residential Construction	Total
Beginning balance - March 31, 2025	\$ 1,021,730	\$ 647,107	\$ 339,755	\$ 2,008,592
Change in provision for credit losses (1)	157,537	482,785	(8,170)	632,152
Charge-offs	-	-	-	-
Ending balance - June 30, 2025	<u>\$ 1,179,267</u>	<u>\$ 1,129,892</u>	<u>\$ 331,585</u>	<u>\$ 2,640,744</u>
Beginning balance - March 31, 2024	\$ 859,622	\$ 1,862,495	\$ 199,497	\$ 2,921,614
Change in provision for credit losses (1)	(10,299)	(83,109)	25,646	(67,762)
Charge-offs	-	-	-	-
Ending balance - June 30, 2024	<u>\$ 849,323</u>	<u>\$ 1,779,386</u>	<u>\$ 225,143</u>	<u>\$ 2,853,852</u>
	Six Months Ended			
	Commercial	Residential	Residential Construction	Total
Beginning balance - December 31, 2024	\$ 732,494	\$ 850,550	\$ 302,346	\$ 1,885,390
Change in provision for credit losses (1)	446,773	279,342	29,239	755,354
Charge-offs	-	-	-	-
Ending balance - June 30, 2025	<u>\$ 1,179,267</u>	<u>\$ 1,129,892</u>	<u>\$ 331,585</u>	<u>\$ 2,640,744</u>
Beginning balance - December 31, 2023	\$ 1,219,653	\$ 2,390,894	\$ 208,106	\$ 3,818,653
Change in provision for credit losses (1)	(370,330)	(611,508)	17,037	(964,801)
Charge-offs	-	-	-	-
Ending balance - June 30, 2024	<u>\$ 849,323</u>	<u>\$ 1,779,386</u>	<u>\$ 225,143</u>	<u>\$ 2,853,852</u>

(1) Included in other expenses on the condensed consolidated statements of earnings

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The following table presents the aging of mortgage loans held for investment by loan type as of the dates indicated:

	Commercial	Residential	Residential Construction	Total
<u>June 30, 2025</u>				
30-59 days past due	\$ 480,796	\$ 4,222,720	\$ -	\$ 4,703,516
60-89 days past due	-	797,124	-	797,124
Over 90 days past due (1)	3,196,505	3,364,794	-	6,561,299
In process of foreclosure (1)	191,508	2,189,399	-	2,380,907
Total past due	3,868,809	10,574,037	-	14,442,846
Current	67,311,440	82,082,892	165,707,402	315,101,734
Total mortgage loans	71,180,249	92,656,929	165,707,402	329,544,580
Allowance for credit losses	(1,179,267)	(1,129,892)	(331,585)	(2,640,744)
Unamortized deferred loan fees, net	(258,313)	(1,275,782)	(696,139)	(2,230,234)
Unamortized discounts, net	(149,195)	(120,411)	-	(269,606)
Net mortgage loans held for investment	<u>\$ 69,593,474</u>	<u>\$ 90,130,844</u>	<u>\$ 164,679,678</u>	<u>\$ 324,403,996</u>
<u>December 31, 2024</u>				
30-59 days past due	\$ 2,100,000	\$ 5,818,334	\$ -	\$ 7,918,334
60-89 days past due	-	845,980	-	845,980
Over 90 days past due (1)	4,205,000	3,061,450	-	7,266,450
In process of foreclosure (1)	191,508	3,942,392	-	4,133,900
Total past due	6,496,508	13,668,156	-	20,164,664
Current	56,256,577	78,393,631	151,172,733	285,822,941
Total mortgage loans	62,753,085	92,061,787	151,172,733	305,987,605
Allowance for credit losses	(732,494)	(850,550)	(302,346)	(1,885,390)
Unamortized deferred loan fees, net	(115,555)	(1,307,539)	(659,147)	(2,082,241)
Unamortized discounts, net	(149,268)	(123,348)	-	(272,616)
Net mortgage loans held for investment	<u>\$ 61,755,768</u>	<u>\$ 89,780,350</u>	<u>\$ 150,211,240</u>	<u>\$ 301,747,358</u>

(1) Interest income is not recognized on loans which are more than 90 days past due or in foreclosure.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Credit Quality Indicators

The Company evaluates and monitors the credit quality of its commercial loans by analyzing LTV and DSCR. Monitoring a commercial mortgage loan increases when the loan is delinquent or earlier if there is an indication of impairment.

The aggregate unpaid principal balance of commercial mortgage loans by credit quality indicator and origination year was as follows as of June 30, 2025:

Credit Quality Indicator	2025	2024	2023	2022	2021	Prior	Total	% of Total
<u>LTV:</u>								
Less than 65%	\$ 17,393,534	\$ 3,893,127	\$ 15,600,000	\$ 462,761	\$ 837,745	\$ 8,576,170	\$ 46,763,337	65.70%
65% to 80%	10,923,292	10,432,942	1,840,776	823,397	-	-	24,020,407	33.75%
Greater than 80%	-	-	-	-	396,505	-	396,505	0.56%
Total	\$ 28,316,826	\$ 14,326,069	\$ 17,440,776	\$ 1,286,158	\$ 1,234,250	\$ 8,576,170	\$ 71,180,249	100.00%
<u>DSCR</u>								
>1.20x	\$ 800,000	\$ 13,893,127	\$ 13,640,000	\$ -	\$ -	\$ 5,348,121	\$ 33,681,248	47.32%
1.00x - 1.20x	27,516,826	432,942	3,800,776	1,286,158	1,234,250	3,228,049	37,499,001	52.68%
<1.00x	-	-	-	-	-	-	-	0.00%
Total	\$ 28,316,826	\$ 14,326,069	\$ 17,440,776	\$ 1,286,158	\$ 1,234,250	\$ 8,576,170	\$ 71,180,249	100.00%

The aggregate unpaid principal balance of commercial mortgage loans by credit quality indicator and origination year was as follows as of December 31, 2024:

Credit Quality Indicator	2024	2023	2022	2021	2020	Prior	Total	% of Total
<u>LTV:</u>								
Less than 65%	\$ 7,653,600	\$ 24,600,000	\$ 2,352,150	\$ 864,128	\$ -	\$ 8,867,779	\$ 44,337,657	70.65%
65% to 80%	10,432,942	1,840,776	823,397	-	4,913,313	-	18,010,428	28.70%
Greater than 80%	-	-	-	405,000	-	-	405,000	0.65%
Total	\$ 18,086,542	\$ 26,440,776	\$ 3,175,547	\$ 1,269,128	\$ 4,913,313	\$ 8,867,779	\$ 62,753,085	100.00%
<u>DSCR</u>								
>1.20x	\$ 16,300,000	\$ 20,990,000	\$ 1,000,000	\$ -	\$ 4,913,313	\$ 5,414,274	\$ 48,617,587	77.47%
1.00x - 1.20x	432,942	5,450,776	2,175,547	1,269,128	-	3,453,505	12,781,898	20.37%
<1.00x	1,353,600	-	-	-	-	-	1,353,600	2.16%
Total	\$ 18,086,542	\$ 26,440,776	\$ 3,175,547	\$ 1,269,128	\$ 4,913,313	\$ 8,867,779	\$ 62,753,085	100.00%

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The Company evaluates and monitors the credit quality of its residential mortgage loans by analyzing LTV and loan performance. The Company defines non-performing mortgage loans as loans more than 90 days past due and on a non-accrual status. Monitoring a residential mortgage loan increases when the loan is delinquent or earlier if there is an indication of impairment.

The aggregate unpaid principal balance of residential mortgage loans by credit quality indicator and origination year was as follows as of June 30, 2025:

Credit Quality Indicator	2025	2024	2023	2022	2021	Prior	Total	% of Total
<u>Performance Indicators:</u>								
Performing	\$ 7,487,073	\$ 11,960,453	\$ 11,323,978	\$ 40,028,411	\$ 2,906,955	\$ 13,395,866	\$ 87,102,736	94.01%
Non-performing (1)	547,079	553,091	1,932,504	1,050,561	-	1,470,958	5,554,193	5.99%
Total	\$ 8,034,152	\$ 12,513,544	\$ 13,256,482	\$ 41,078,972	\$ 2,906,955	\$ 14,866,824	\$ 92,656,929	100.00%

(1) Includes residential mortgage loans in the process of foreclosure of \$2,189,399

<u>LTV:</u>								
Less than 65%	\$ 4,375,611	\$ 5,643,851	\$ 4,748,950	\$ 5,470,866	\$ 1,342,891	\$ 6,918,135	\$ 28,500,304	30.76%
65% to 80%	3,219,478	6,057,761	7,634,155	34,527,759	1,564,064	6,810,313	59,813,530	64.55%
Greater than 80%	439,063	811,932	873,377	1,080,347	-	1,138,376	4,343,095	4.69%
Total	\$ 8,034,152	\$ 12,513,544	\$ 13,256,482	\$ 41,078,972	\$ 2,906,955	\$ 14,866,824	\$ 92,656,929	100.00%

The aggregate unpaid principal balance of residential mortgage loans by credit quality indicator and origination year was as follows as of December 31, 2024:

Credit Quality Indicator	2024	2023	2022	2021	2020	Prior	Total	% of Total
<u>Performance Indicators:</u>								
Performing	\$ 14,861,098	\$ 10,030,848	\$ 42,634,670	\$ 3,076,901	\$ 5,513,462	\$ 8,940,966	\$ 85,057,945	92.39%
Non-performing (1)	-	3,442,992	1,451,039	291,359	311,116	1,507,336	7,003,842	7.61%
Total	\$ 14,861,098	\$ 13,473,840	\$ 44,085,709	\$ 3,368,260	\$ 5,824,578	\$ 10,448,302	\$ 92,061,787	100.00%

(1) Includes residential mortgage loans in the process of foreclosure of \$3,942,392

<u>LTV:</u>								
Less than 65%	\$ 6,241,730	\$ 4,931,376	\$ 5,488,954	\$ 1,790,036	\$ 2,440,002	\$ 5,273,672	\$ 26,165,770	28.42%
65% to 80%	7,802,984	7,662,200	37,509,634	1,578,224	2,701,008	5,107,289	62,361,339	67.74%
Greater than 80%	816,384	880,264	1,087,121	-	683,568	67,341	3,534,678	3.84%
Total	\$ 14,861,098	\$ 13,473,840	\$ 44,085,709	\$ 3,368,260	\$ 5,824,578	\$ 10,448,302	\$ 92,061,787	100.00%

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

The Company evaluates and monitors the credit quality of its residential construction loans (including land acquisition and development loans) by analyzing LTV and loan performance. Monitoring a residential construction mortgage loan increases when the loan is delinquent or earlier if there is an indication of impairment.

The aggregate unpaid principal balance of residential construction mortgage loans by credit quality indicator and origination year was as follows as of June 30, 2025:

Credit Quality Indicator	2025	2024	2023	2022	2021	Total	% of Total
<u>Performance Indicators:</u>							
Performing	\$ 71,979,788	\$ 78,444,285	\$ 10,507,327	\$ -	\$ 4,776,002	\$ 165,707,402	100.00%
Non-performing	-	-	-	-	-	-	0.00%
Total	\$ 71,979,788	\$ 78,444,285	\$ 10,507,327	\$ -	\$ 4,776,002	\$ 165,707,402	100.00%
<u>LTV:</u>							
Less than 65%	\$ 16,441,043	\$ 38,732,904	\$ 10,507,327	\$ -	\$ 4,776,002	\$ 70,457,276	42.52%
65% to 80%	55,538,745	39,711,381	-	-	-	95,250,126	57.48%
Greater than 80%	-	-	-	-	-	-	0.00%
Total	\$ 71,979,788	\$ 78,444,285	\$ 10,507,327	\$ -	\$ 4,776,002	\$ 165,707,402	100.00%

The aggregate unpaid principal balance of residential construction mortgage loans by credit quality indicator and origination year was as follows as of December 31, 2024:

Credit Quality Indicator	2024	2023	2022	2021	Total	% of Total
<u>Performance Indicators:</u>						
Performing	\$ 118,863,944	\$ 21,375,552	\$ 972,468	\$ 9,960,769	\$ 151,172,733	100.00%
Non-performing	-	-	-	-	-	0.00%
Total	\$ 118,863,944	\$ 21,375,552	\$ 972,468	\$ 9,960,769	\$ 151,172,733	100.00%
<u>LTV:</u>						
Less than 65%	\$ 48,065,177	\$ 21,375,552	\$ 518,590	\$ 9,960,769	\$ 79,920,088	52.87%
65% to 80%	70,798,767	-	453,878	-	71,252,645	47.13%
Greater than 80%	-	-	-	-	-	0.00%
Total	\$ 118,863,944	\$ 21,375,552	\$ 972,468	\$ 9,960,769	\$ 151,172,733	100.00%

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Insurance Assignments

The following table presents the aging of insurance assignments, included in other investments and policy loans on the condensed consolidated balance sheets:

	As of June 30, 2025	As of December 31, 2024
30-59 days past due	\$ 8,039,317	\$ 8,785,184
60-89 days past due	3,552,546	4,046,731
Over 90 days past due	5,151,594	5,320,216
Total past due	16,743,457	18,152,131
Current	28,418,535	30,341,727
Total insurance assignments	45,161,992	48,493,858
Allowance for credit losses	(1,481,032)	(1,536,926)
Net insurance assignments	\$ 43,680,960	\$ 46,956,932

The Company records an allowance for credit losses when the insurance assignment is funded. Once an insurance assignment moves to 90 days past due or legal proceedings, it is monitored for write-off and collectability, and any adjustments to the allowance are recorded at that time.

The following table presents a roll forward of the allowance for credit losses for insurance assignments as of the dates indicated:

	Three Months Ended
Beginning balance - March 31, 2025	\$ 1,517,783
Change in provision for credit losses (1)	257,253
Charge-offs	(294,004)
Ending balance - June 30, 2025	\$ 1,481,032
Beginning balance - March 31, 2024	\$ 1,587,525
Change in provision for credit losses (1)	242,046
Charge-offs	(294,247)
Ending balance - June 30, 2024	\$ 1,535,324
	Six Months Ended
Beginning balance - December 31, 2024	\$ 1,536,926
Change in provision for credit losses (1)	551,051
Charge-offs	(606,945)
Ending balance - June 30, 2025	\$ 1,481,032
Beginning balance - December 31, 2023	\$ 1,553,836
Change in provision for credit losses (1)	492,613
Charge-offs	(511,125)
Ending balance - June 30, 2024	\$ 1,535,324

(1) Included in other expenses on the condensed consolidated statements of earnings

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Variable Interest Entities (“VIE”)

The Company has a 50% ownership interest in HHH Real Estate LLC (“HHH”), an entity that holds and develops single family lots for residential construction. In accordance with the HHH operating agreement, net profits or losses are allocated to the members in accordance with their ownership interests. The investment in HHH is accounted for under the equity method of accounting. HHH has not commenced its principal operations as of June 30, 2025. The carrying value of the equity investment in HHH was \$11,163,125 and nil at June 30, 2025 and December 31, 2024, respectively, which is included in other investments and policy loans on the condensed consolidated balance sheets.

The Company has determined that HHH is a VIE for the following reasons: (1) the at-risk equity holders, as a group, lack the characteristics of a controlling financial interest. (2) the General Manager directs the activities and legal operations that most significantly affect the entity’s economic performance and (3) the Company does not have majority voting rights and no power to unilaterally direct the activities of the entity, and therefore, is not the primary beneficiary. The Company’s exposure to loss because of its involvement with the equity method investee is limited to the carrying value of the Company’s investment of \$11,163,125.

Investment Related Earnings

The following table presents the realized gains and losses from sales, calls, and maturities, and unrealized gains and losses on equity securities from investments and other assets:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fixed maturity securities:				
Gross realized gains	\$ 453	\$ 24,031	\$ 1,521	\$ 24,334
Gross realized losses	30,029	(36,646)	(12,257)	(37,499)
Net credit loss provision	20,313	16,289	(65,993)	(79,711)
Equity securities:				
Gains (losses) on securities sold	15,981	43,733	130,108	(17,370)
Unrealized gains on securities held at the end of the period	793,404	(424,455)	1,066,880	1,118,405
Real estate held for investment and sale:				
Gross realized gains	202,389	38,890	596,915	288,852
Gross realized losses	-	-	-	(39,081)
Other assets:				
Gross realized gains	81,867	-	88,392	35,486
Gross realized losses	(1,729)	(39,081)	(76,838)	(1,229)
Total	\$ 1,142,707	\$ (377,239)	\$ 1,728,728	\$ 1,292,187

The realized gains and losses on the sale of securities are recorded on the trade date, and the cost of the securities sold is determined using the specific identification method.

Net realized gains and losses includes gains and losses from cemetery perpetual care trust investments and the restricted assets of cemeteries and mortuaries and totaled \$271,176 and \$202,800 in net gains for the three month periods ended June 30, 2025 and 2024, respectively, and of \$485,155 and \$379,363 in net gains for the six month periods ended June 30, 2025 and 2024, respectively.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

3) Investments (Continued)

Major categories of net investment income were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fixed maturity securities available for sale	\$ 4,749,965	\$ 4,345,704	\$ 9,414,798	\$ 8,749,262
Equity securities	247,633	176,448	440,263	344,596
Mortgage loans held for investment	12,457,357	7,021,559	20,421,897	15,835,595
Real estate held for investment and sale	2,872,566	3,285,019	5,832,278	6,800,080
Policy loans	235,758	189,131	480,363	490,398
Insurance assignments	5,138,214	4,886,015	10,870,365	9,962,563
Other investments	82,349	201,342	243,835	400,301
Cash and cash equivalents	953,618	1,715,910	2,356,252	3,406,867
Gross investment income	26,737,460	21,821,128	50,060,051	45,989,662
Investment expenses	(6,156,472)	(3,776,320)	(10,276,439)	(7,998,286)
Net investment income	<u>\$ 20,580,988</u>	<u>\$ 18,044,808</u>	<u>\$ 39,783,612</u>	<u>\$ 37,991,376</u>

Net investment income includes income earned from cemetery perpetual care trust investments and the restricted assets of cemeteries and mortuaries and totaled \$220,634 and \$470,808 for the three month periods ended June 30, 2025 and 2024, respectively, and \$367,472 and \$1,404,359 for the six month periods ended June 30, 2025 and 2024, respectively.

Net investment income on real estate consists primarily of rental revenue. Investment expenses consist primarily of depreciation, property taxes, operating expenses of real estate and an estimated portion of administrative expenses relating to investment activities.

Accrued Investment Income

Accrued investment income consists of the following:

	As of June 30, 2025	As of December 31, 2024
Fixed maturity securities available for sale	\$ 4,149,857	\$ 3,795,581
Equity securities	10,000	11,049
Mortgage loans held for investment	1,211,558	1,049,489
Real estate held for investment	4,229,979	3,559,463
Other investments	30,917	-
Cash and cash equivalents	27,400	83,586
Total accrued investment income	<u>\$ 9,659,711</u>	<u>\$ 8,499,168</u>

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

4) Loans Held for Sale

The Company's loans held for sale portfolio is valued using the fair value option. Changes in the fair value of the loans are included in mortgage fee income. Interest income is recorded based on the contractual terms of the loan and in accordance with the Company's policy on recognition of mortgage loan interest income and is included in mortgage fee income on the condensed consolidated statement of earnings. See Note 8 to the condensed consolidated financial statements for additional disclosures regarding loans held for sale.

The following table presents the aggregate fair value and the aggregate unpaid principal balance of loans held for sale:

	As of June 30, 2025	As of December 31, 2024
Aggregate fair value	\$ 165,876,119	\$ 131,181,148
Unpaid principal balance	162,693,700	128,948,072
Unrealized gain	3,182,419	2,233,076

Mortgage Fee Income

Mortgage fee income consists of origination fees, processing fees, interest income and other income related to the origination and sale of mortgage loans held for sale.

Major categories of mortgage fee income for loans held for sale are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Loan fees	\$ 6,709,062	\$ 7,366,232	\$ 11,963,152	\$ 12,886,697
Interest income	2,366,245	2,263,915	4,033,679	3,746,735
Secondary gains	20,185,222	18,674,595	37,140,165	33,405,569
Change in fair value of loan commitments	132,404	429,823	606,944	991,601
Change in fair value of loans held for sale	308,074	1,197,075	949,342	896,185
Provision for loan loss reserve	(215,903)	(312,124)	(398,937)	(475,601)
Mortgage fee income	<u>\$ 29,485,104</u>	<u>\$ 29,619,516</u>	<u>\$ 54,294,345</u>	<u>\$ 51,451,186</u>

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

4) Loans Held for Sale (Continued)

Loan Loss Reserve

Repurchase demands from third party investors that correspond to mortgage loans previously held for sale and sold are reviewed and relevant data is captured so that an estimated future loss can be calculated. The key factors that are used in the estimated future loss calculation are as follows: (i) lien position, (ii) payment status, (iii) claim type, (iv) unpaid principal balance, (v) interest rate, and (vi) validity of the demand. Other data is captured and is useful for management purposes; the actual estimated loss is generally based on these key factors. The Company conducts its own review upon the receipt of a repurchase demand. In many instances, the Company can resolve the issues relating to the repurchase demand by the third-party investor without having to make any payments to the investor.

The loan loss reserve, which is included in other liabilities and accrued expenses, is summarized as follows:

	As of June 30, 2025	As of December 31, 2024
Balance, beginning of period	\$ 696,626	\$ 547,233
Provision on current loan originations (1)	398,937	932,154
Charge-offs, net of recaptured amounts	(422,258)	(782,761)
Balance, end of period	<u>\$ 673,305</u>	<u>\$ 696,626</u>

(1) Included in mortgage fee income

The Company maintains reserves for estimated losses on current production volumes. For the six month period ended June 30, 2025, \$398,937 in reserves were added at a rate of 3.5 basis points per loan, the equivalent of \$350 per \$1,000,000 in loans originated. For the six month period ended June 30, 2024, \$475,601 in reserves that were added at a rate of 4.4 basis points per loan, the equivalent of \$440 per \$1,000,000 in loans originated. The Company monitors market data and trends and economic conditions (including forecasts), and uses its own experience to determine adequate loss reserves on current production.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

5) Stock Compensation Plans

The Company has equity incentive plans (the “2013 Plan”, the “2014 Director Plan” and the “2022 Plan”).

Stock Options

Stock based compensation expense for stock options issued of \$310,430 and \$183,184 has been recognized for these plans for the three month periods ended June 30, 2025 and 2024, respectively, and \$609,703 and \$382,182 has been recognized for these plans for the six month periods ended June 30, 2025 and 2024, respectively, and is included in personnel expenses on the condensed consolidated statements of earnings. As of June 30, 2025, the total unrecognized compensation expense related to the options issued was \$562,707 which is expected to be recognized over the remaining vesting period.

The fair value of each option granted is estimated on the date of grant using the Black Scholes Option Pricing Model. The Company estimates the expected life of the options using the simplified method. Future volatility is estimated based upon the weighted historical volatility of the Company’s Class A common stock over a period equal to the expected life of the options. The risk-free interest rate for the expected life of the options is based upon the Federal Reserve Board’s daily interest rates in effect at the time of the grant.

The activity of the stock option plans during the six month period ended June 30, 2025, is summarized as follows:

	Number of Class A Shares	Weighted Average Exercise Price (2)	Number of Class C Shares	Weighted Average Exercise Price (2)
Outstanding at December 31, 2024	646,594	\$ 5.63	1,724,400	\$ 6.87
Adjustment for the effect of stock dividends	27,898		80,571	
Granted	24,000		-	
Exercised	(112,735)		(113,023)	
Cancelled	76		-	
Outstanding at June 30, 2025	<u>585,833</u>	\$ 5.93	<u>1,691,948</u>	\$ 7.13
As of June 30, 2025:				
Options exercisable	<u>546,483</u>	\$ 5.48	<u>1,526,948</u>	\$ 8.64
As of June 30, 2025:				
Available options for future grant	<u>2,156,404</u>		<u>678,550</u>	
Weighted average contractual term of options outstanding at June 30, 2025	5.30 years		6.39 years	
Weighted average contractual term of options exercisable at June 30, 2025	4.99 years		6.11 years	
Aggregated intrinsic value of options outstanding at June 30, 2025 (1)	<u>\$ 1,811,956</u>		<u>\$ 3,200,152</u>	
Aggregated intrinsic value of options exercisable at June 30, 2025 (1)	\$ 1,933,277		\$ 3,780,038	

(1) The Company used a stock price of \$9.02 as of June 30, 2025 to derive intrinsic value.

(2) Adjusted for the effect of annual stock dividends.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

5) Stock Compensation Plans (Continued)

The activity of the stock option plans during the six month period ended June 30, 2024, is summarized as follows:

	Number of Class A Shares	Weighted Average Exercise Price (2)	Number of Class C Shares	Weighted Average Exercise Price
Outstanding at December 31, 2023	833,570	\$ 5.22	1,520,062	\$ 5.86
Adjustment for the effect of stock dividends	38,724		76,005	
Granted	16,500		-	
Exercised	(45,671)		-	
Cancelled	(16,538)		-	
Outstanding at June 30, 2024	<u>826,585</u>	\$ 5.09	<u>1,596,067</u>	\$ 5.57
As of June 30, 2024:				
Options exercisable	<u>768,960</u>	\$ 4.89	<u>1,443,567</u>	\$ 5.35
As of June 30, 2024:				
Available options for future grant	<u>38,564</u>		<u>556,238</u>	
Weighted average contractual term of options				
outstanding at June 30, 2024	5.05 years		6.00 years	
Weighted average contractual term of options				
exercisable at June 30, 2024	4.72 years		5.75 years	
Aggregated intrinsic value of options outstanding				
at June 30, 2024 (1)	\$ 2,083,992		\$ 3,255,564	
Aggregated intrinsic value of options exercisable				
at June 30, 2024 (1)	\$ 2,089,110		\$ 3,264,864	

(1) The Company used a stock price of \$7.61 as of June 30, 2024 to derive intrinsic value.

(2) Adjusted for the effect of annual stock dividends.

The total intrinsic value (which is the amount by which the fair value of the underlying stock exceeds the exercise price of an option on the exercise date) of stock options exercised during the six month periods ended June 30, 2025 and 2024 was \$1,357,776 and \$142,210, respectively.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

5) Stock Compensation Plans (Continued)

Restricted Stock Units (“RSUs”)

Stock based compensation expense for RSUs issued of \$9,949 and \$882 has been recognized under these plans for the three month periods ended June 30, 2025 and 2024, respectively, and \$19,936 and \$1,771 has been recognized under these plans for the six month periods ended June 30, 2025 and 2024, and is included in personnel expenses on the condensed consolidated statements of earnings. The fair value of each RSU granted is determined by the Company’s stock price on the date of the grant. As of June 30, 2025, the total unrecognized compensation expense related to the RSUs issued was \$17,362, which is expected to be recognized over the remaining vesting period.

Activity of the RSUs during the six month period ended June 30, 2025, is summarized as follows:

	Number of Class A Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2024	12,813	\$ 12.90
Granted	-	
Vested	(3,547)	
Non-vested at June 30, 2025	<u>9,266</u>	\$ 13.08
Available RSUs for future grant	<u>504,187</u>	

Activity of the RSUs during the six month period ended June 30, 2024, is summarized as follows:

	Number of Class A Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2023	2,245	\$ 7.72
Granted	-	
Vested	(865)	
Non-vested at June 30, 2024	<u>1,380</u>	\$ 7.99
Available RSUs for future grant	<u>16,540</u>	

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

6) Earnings Per Share

Earnings per share amounts have been retroactively adjusted for the effect of annual stock dividends. In accordance with GAAP, the basic and diluted earnings per share amounts were calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net earnings	\$ 6,506,355	\$ 7,271,549	\$ 10,844,647	\$ 14,746,071
Denominator:				
Basic weighted-average shares outstanding	24,767,601	24,474,232	24,733,733	24,490,545
Effect of dilutive securities:				
Employee stock options	761,460	605,328	889,495	696,293
Diluted weighted-average shares outstanding	25,529,061	25,079,560	25,623,228	25,186,838
Basic net earnings per share	\$ 0.26	\$ 0.30	\$ 0.44	\$ 0.60
Diluted net earnings per share	\$ 0.25	\$ 0.29	\$ 0.42	\$ 0.59

For the six month periods ended June 30, 2025 and 2024, there were 416,539 and 143,456 anti-dilutive stock option shares, respectively, that were not included in the computation of diluted net earnings per common share as their effect would be anti-dilutive. Basic and diluted earnings per share amounts are the same for each class of common stock.

The following table summarizes the activity in shares of capital stock.

	Class A	Class C
Outstanding shares at December 31, 2024 (1)	22,321,422	3,492,672
Exercise of stock options	66,273	95,337
Vesting of restricted stock units	3,547	-
Conversion of Class C to Class A	395	(395)
Outstanding shares at June 30, 2025 (1)	22,391,637	3,587,614
Outstanding shares at December 31, 2023 (1)	22,119,299	3,291,271
Exercise of stock options	32,082	-
Vesting of restricted stock units	865	-
Conversion of Class C to Class A	266	(266)
Outstanding shares at June 30, 2024 (1)	22,152,512	3,291,005

(1) Adjusted retroactively for the effect of annual stock dividends

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

7) Business Segment Information

Description of Products and Services by Segment

The Company has three operating and reportable business segments: life insurance, cemetery and mortuary, and mortgage. The Company's life insurance segment's revenue consists of life insurance premiums, fees earned on factored life insurance policies and net investment income derived from investing policyholder and surplus funds. Its expenses include operating expenses to collect insurance premiums and insurance policy receivables, and administer claims, and commissions payable related to the sale of insurance products sold by the Company's independent agency force. The Company's cemetery and mortuary segment's revenue consists of fees from the sale of at-need cemetery and mortuary merchandise, services at its mortuaries and cemeteries, pre-need sales of cemetery spaces after collection of 10% or more of the purchase price and the net investment income from investing surplus cash. Its expenses include operating expenses to maintain mortuary and cemetery operations and commissions related to the sale of insurance products sold by the Company's agents. The Company's mortgage segment's revenue consists of residential mortgage origination fee income and mortgage interest income. Its expenses include normal operating expenses related to the origination and sale of residential mortgage loans, loan servicing and warehouse interest and fee expenses.

Services and Cost Sharing Policies

The accounting policies of the Company's operating and reportable segments are the same as those described in Part II, Item 8, Note 1 - Significant Accounting Policies of the Company's Annual Report on Form 10-K for the year ended December 31, 2024. Intersegment revenues are recorded at cost plus an agreed upon intercompany profit and are eliminated upon consolidation. In addition to revenues, the reportable segments share in business services and costs including personnel expenses, rent, information technology, software, interest expense, and other similar operating costs. These shared services and costs are allocated between the segments using prevailing market rates and other agreed upon allocation methods.

Factors Management Used to Identify the Company's Operating and Reportable Segments

The Company's operating and reportable segments are business units that are managed separately due to the different products provided and the need to report separately to the various regulatory jurisdictions.

Chief Operating Decision Maker ("CODM")

The Company's CODM is the Chief Executive Officer. The following table summarizes significant segment expenses. The significant expenses are based on the information that the CODM is regularly provided to assess segment performance. The CODM reviews the regularly provided information for each segment monthly and gives added emphasis on month over month and year over year comparative results. The CODM considers these comparative results when making decisions about the allocation of the Company's resources to each segment. The measure of segment profit or loss for the Company's three operating and reportable business segments is net earnings.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

7) Business Segment Information (Continued)

	For the Three Months Ended June 30, 2025			
	Life Insurance	Cemetery/ Mortuary	Mortgage	Total
Revenues:				
From external sources:				
Revenue from external customers	\$ 30,185,854	\$ 7,257,717	\$ 29,485,104	\$ 66,928,675
Net investment income	19,999,873	465,425	115,690	20,580,988
Gains (losses) on investments and other assets	873,261	271,176	(1,730)	1,142,707
Other revenues	465,668	146,243	276,868	888,779
Intersegment revenues	1,828,343	84,767	74,557	1,987,667
Total segment revenues	53,352,999	8,225,328	29,950,489	91,528,816
Elimination of intersegment revenues				(1,987,667)
Total consolidated revenues				89,541,149
Less:				
Death benefits	15,021,638	-	-	
Surrenders and other policy benefits	1,231,654	-	-	
Increase in future policy benefits	8,800,130	-	-	
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	5,584,263	153,412	-	
Selling, general and administrative expenses:				
Commissions	1,076,858	580,026	11,808,454	
Personnel	8,397,298	2,673,778	11,100,269	
Advertising	126,294	142,609	671,545	
Rent and rent related	78,960	35,956	822,223	
Depreciation on property and equipment	219,873	223,184	155,961	
Cost related to funding mortgage loans	-	-	1,891,789	
Data processing and IT related (1)	312,143	74,406	899,009	
Premium taxes on insurance premiums and other considerations (1)	734,203	-	-	
Other segment items (1)(2)	2,402,646	1,303,824	2,229,404	
Intersegment expenses (3)	159,256	84,485	1,743,926	
Interest expense	993,830	147	299,461	
Costs of goods and services sold-mortuaries and cemeteries	-	1,159,283	-	
Income tax expense (benefit)	1,811,081	429,866	(410,683)	
Segment net earnings (loss)	6,402,872	1,364,352	(1,260,869)	6,506,355
Net earnings				\$ 6,506,355

(1) Included in other expenses on the condensed consolidated statements of earnings. Data processing and IT related expenses includes various software subscriptions, maintenance, consulting, support and storage fees.

(2) For each reportable segment, other segment items includes:

Life Insurance - bad debt, insurance expenses, professional service expenses, state insurance department fees, amortization of intangible assets, and certain overhead expenses.

Cemetery/Mortuary - bad debt, insurance expenses, professional service expenses, maintenance and utility expenses, property taxes, amortization of intangible assets, and certain overhead expenses.

Mortgage - bad debt, insurance expenses, professional service expenses, business license and registration fees, dues and subscriptions, amortization expense of mortgage servicing rights, and certain overhead expenses.

(3) For each reportable segment, intersegment expenses includes:

Life Insurance - mortgage servicing fees and interest expense.

Cemetery/Mortuary - rent expense, data processing and IT related expenses, and interest expense.

Mortgage - rent expense and interest expense.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

7) Business Segment Information (Continued)

	For the Three Months Ended June 30, 2024			
	Life Insurance	Cemetery/ Mortuary	Mortgage	Total
Revenues:				
From external sources:				
Revenue from external customers	\$ 29,960,558	\$ 7,768,947	\$ 29,619,516	\$ 67,349,021
Net investment income	17,184,071	574,957	285,780	18,044,808
Gains (losses) on investments and other assets	(210,594)	(202,810)	36,165	(377,239)
Other revenues	303,280	136,774	334,692	774,746
Intersegment revenues	1,905,973	84,767	144,989	2,135,729
Total segment revenues	49,143,288	8,362,635	30,421,142	87,927,065
Elimination of intersegment revenues				(2,135,729)
Total consolidated revenues				85,791,336
Less:				
Death benefits	14,070,165	-	-	
Surrenders and other policy benefits	1,042,940	-	-	
Increase in future policy benefits	9,212,937	-	-	
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	4,105,564	195,825	-	
Selling, general and administrative expenses:				
Commissions	1,457,231	546,821	11,448,789	
Personnel	7,285,612	2,553,252	10,963,712	
Advertising	115,381	150,937	519,899	
Rent and rent related	123,067	39,148	1,135,024	
Depreciation on property and equipment	225,182	208,727	158,990	
Cost related to funding mortgage loans	-	-	1,533,881	
Data processing and IT related (1)	216,829	54,186	852,711	
Premium taxes on insurance premiums and other considerations (1)	759,265	-	-	
Other segment items (1)(2)	2,208,425	1,195,248	1,712,720	
Intersegment expenses (3)	228,864	92,296	1,814,569	
Interest expense	927,112	216	146,488	
Costs of goods and services sold-mortuaries and cemeteries	-	1,235,459	-	
Income tax expense (benefit)	1,548,019	522,022	48,003	
Segment net earnings	5,616,695	1,568,498	86,356	7,271,549
Net earnings				\$ 7,271,549

(1) Included in other expenses on the condensed consolidated statements of earnings. Data processing and IT related expenses includes various software subscriptions, maintenance, consulting, support and storage fees.

(2) For each reportable segment, other segment items includes:

Life Insurance - bad debt, insurance expenses, professional service expenses, state insurance department fees, amortization of intangible assets, and certain overhead expenses.

Cemetery/Mortuary - bad debt, insurance expenses, professional service expenses, maintenance and utility expenses, property taxes, amortization of intangible assets, and certain overhead expenses.

Mortgage - bad debt, insurance expenses, professional service expenses, business license and registration fees, dues and subscriptions, amortization expense of mortgage servicing rights, and certain overhead expenses.

(3) For each reportable segment, intersegment expenses includes:

Life Insurance - mortgage servicing fees and interest expense.

Cemetery/Mortuary - rent expense, data processing and IT related expenses, and interest expense.

Mortgage - rent expense and interest expense.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

7) Business Segment Information (Continued)

	For the Six Months Ended June 30, 2025			
	Life Insurance	Cemetery/ Mortuary	Mortgage	Total
Revenues:				
From external sources:				
Revenue from external customers	\$ 59,965,379	\$ 14,557,938	\$ 54,294,345	\$ 128,817,662
Net investment income	38,630,818	886,678	266,116	39,783,612
Gains on investments and other assets	1,163,795	481,146	83,787	1,728,728
Other revenues	1,051,266	334,093	565,511	1,950,870
Intersegment revenues	3,148,266	168,603	196,425	3,513,294
Total segment revenues	103,959,524	16,428,458	55,406,184	175,794,166
Elimination of intersegment revenues				(3,513,294)
Total consolidated revenues				172,280,872
Less:				
Death benefits	31,067,103	-	-	
Surrenders and other policy benefits	2,433,209	-	-	
Increase in future policy benefits	17,788,187	-	-	
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	10,106,833	327,377	-	
Selling, general and administrative expenses:				
Commissions	1,939,201	788,446	21,176,072	
Personnel	16,923,486	5,211,804	22,218,463	
Advertising	226,270	294,218	1,243,905	
Rent and rent related	178,750	73,994	1,673,006	
Depreciation on property and equipment	462,685	435,545	315,923	
Cost related to funding mortgage loans	-	-	3,307,041	
Data processing and IT related (1)	547,931	144,932	1,777,119	
Premium taxes on insurance premiums and other considerations (1)	1,452,274	-	-	
Other segment items (1)(2)	5,027,184	2,535,034	3,871,848	
Intersegment expenses (3)	364,814	171,926	2,976,554	
Interest expense	1,900,277	310	512,379	
Costs of goods and services sold-mortuaries and cemeteries	-	2,412,553	-	
Income tax expense (benefit)	2,992,292	964,710	(894,136)	
Segment net earnings (loss)	10,549,028	3,067,609	(2,771,990)	10,844,647
Net earnings				\$ 10,844,647
Segment assets	\$ 1,382,976,345	\$ 101,407,961	\$ 86,674,977	\$ 1,571,059,283
Elimination of intersegment assets				(27,081,176)
Total consolidated assets				\$ 1,543,978,107
Expenditures for long-lived assets	\$ 38,588,008	\$ 535,256	\$ 253,231	\$ 39,376,495

(1) Included in other expenses on the condensed consolidated statements of earnings. Data processing and IT related expenses includes various software subscriptions, maintenance, consulting, support and storage fees.

(2) For each reportable segment, other segment items includes:

Life Insurance - bad debt, insurance expenses, professional service expenses, state insurance department fees, amortization of intangible assets, and certain overhead expenses.

Cemetery/Mortuary - bad debt, insurance expenses, professional service expenses, maintenance and utility expenses, property taxes, amortization of intangible assets, and certain overhead expenses.

Mortgage - bad debt, insurance expenses, professional service expenses, business license and registration fees, dues and subscriptions, amortization expense of mortgage servicing rights, and certain overhead expenses.

(3) For each reportable segment, intersegment expenses includes:

Life Insurance - mortgage servicing fees and interest expense.

Cemetery/Mortuary - rent expense, data processing and IT related expenses, and interest expense.

Mortgage - rent expense and interest expense.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

7) Business Segment Information (Continued)

	For the Six Months Ended June 30, 2024			
	Life Insurance	Cemetery/ Mortuary	Mortgage	Total
Revenues:				
From external sources:				
Revenue from external customers	\$ 59,812,651	\$ 14,717,438	\$ 51,451,186	\$ 125,981,275
Net investment income	35,796,434	1,659,149	535,793	37,991,376
Gains on investments and other assets	877,899	379,352	34,936	1,292,187
Other revenues	720,966	309,507	684,223	1,714,696
Intersegment revenues	3,285,548	169,535	291,595	3,746,678
Total segment revenues	100,493,498	17,234,981	52,997,733	170,726,212
Elimination of intersegment revenues				(3,746,678)
Total consolidated revenues				166,979,534
Less:				
Death benefits	29,783,918	-	-	
Surrenders and other policy benefits	2,258,733	-	-	
Increase in future policy benefits	18,558,824	-	-	
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	8,614,996	430,306	-	
Selling, general and administrative expenses:				
Commissions	1,863,729	778,606	18,791,723	
Personnel	14,516,920	4,862,978	21,277,813	
Advertising	222,877	278,614	972,381	
Rent and rent related	229,627	79,429	2,389,660	
Depreciation on property and equipment	449,259	415,332	315,757	
Cost related to funding mortgage loans	-	-	2,982,976	
Data processing and IT related (1)	423,128	120,986	1,804,933	
Premium taxes on insurance premiums and other considerations (1)	1,520,224	-	-	
Other segment items (1)(2)	4,038,531	2,428,425	2,949,067	
Intersegment expenses (3)	460,238	186,320	3,100,120	
Interest expense	1,858,271	456	242,563	
Costs of goods and services sold-mortuaries and cemeteries	-	2,509,588	-	
Income tax expense (benefit)	3,365,088	1,308,876	(411,131)	
Segment net earnings (loss)	12,329,135	3,835,065	(1,418,129)	14,746,071
Net earnings				\$ 14,746,071
Segment assets	\$ 1,302,401,062	\$ 91,353,123	\$ 96,262,785	\$ 1,490,016,970
Elimination of intersegment assets				(29,292,449)
Total consolidated assets				\$ 1,460,724,521
Expenditures for long-lived assets	\$ 27,906,115	\$ 254,644	\$ 85,411	\$ 28,246,170

(1) Included in other expenses on the condensed consolidated statements of earnings. Data processing and IT related expenses includes various software subscriptions, maintenance, consulting, support and storage fees.

(2) For each reportable segment, other segment items includes:

Life Insurance - bad debt, insurance expenses, professional service expenses, state insurance department fees, amortization of intangible assets, and certain overhead expenses.

Cemetery/Mortuary - bad debt, insurance expenses, professional service expenses, maintenance and utility expenses, property taxes, amortization of intangible assets, and certain overhead expenses.

Mortgage - bad debt, insurance expenses, professional service expenses, business license and registration fees, dues and subscriptions, amortization expense of mortgage servicing rights, and certain overhead expenses.

(3) For each reportable segment, intersegment expenses includes:

Life Insurance - mortgage servicing fees and interest expense.

Cemetery/Mortuary - rent expense, data processing and IT related expenses, and interest expense.

Mortgage - rent expense and interest expense.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. GAAP also specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. Fair value measurements are classified under the following hierarchy:

Level 1: Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.

Level 2: Financial assets and financial liabilities whose values are based on the following:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in non-active markets; or
- c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect the Company's estimates of the assumptions that market participants would use in valuing financial assets and financial liabilities.

The Company utilizes a combination of third-party valuation service providers, brokers, and internal valuation models to determine fair value.

The following methods and assumptions were used by the Company in estimating the fair value disclosures related to significant financial instruments.

The items shown under Level 1 and Level 2 are valued as follows:

Fixed Maturity Securities Available for Sale: The fair values of fixed maturity securities are based on quoted market prices, when available. For fixed maturity securities not actively traded, fair values are estimated using values obtained from independent pricing services, or in the case of private placements (considered Level 3 financial assets), are estimated by discounting expected future cash flows using a current market value applicable to the coupon rate, credit and maturity of the investments.

Equity Securities: The fair values for equity securities are based on quoted market prices.

Restricted Assets: A portion of these assets include equity securities and fixed maturity securities that have quoted market prices that are used to determine fair value. Also included are cash and cash equivalents and participations in mortgage loans. The carrying amounts reported in the accompanying condensed consolidated balance sheets for these financial instruments approximate their fair values due to their short-term nature.

Cemetery Perpetual Care Trust Investments: A portion of these assets include equity securities and fixed maturity securities that have quoted market prices that are used to determine fair value. Also included are cash and cash equivalents. The carrying amounts reported in the accompanying condensed consolidated balance sheets for these financial instruments approximate their fair values due to their short-term nature.

Additionally, there were no transfers between Level 1 and Level 2 in the fair value hierarchy.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The items shown under Level 3 are valued as follows:

Loans Held for Sale: The Company elected the fair value option for loans held for sale. The fair value is based on quoted market prices, when available. When a quoted market price is not readily available, the Company uses the market price from its last sale of similar assets. Fair value is often difficult to determine in volatile markets and may contain significant unobservable inputs.

Loan Commitments and Forward Sale Commitments: The Company's mortgage segment enters loan commitments with potential borrowers and forward sale commitments to sell loans with third-party investors. The Company also uses a hedging strategy for these transactions. A loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period, generally up to 30 days after issuance of the loan commitment. Loan commitments are defined to be derivatives under GAAP and are recognized at fair value on the consolidated balance sheets with changes in their fair values recorded in current earnings.

The Company estimates the fair value of a loan commitment based on the change in estimated fair value of the underlying mortgage loan, quoted MBS prices, estimates of the fair value of mortgage servicing rights, and an estimate of the probability that the mortgage loan will fund within the terms of the commitment. The change in fair value of the underlying mortgage loan is measured from the date the loan commitment is issued. Following issuance, the value of a mortgage loan commitment can be either positive or negative depending upon the change in value of the underlying mortgage loans. Fallout rates and other factors from the Company's recent historical data are used to estimate the quantity and value of mortgage loans that will be funded within the terms of the commitments.

Impaired Mortgage Loans Held for Investment: The Company believes that the fair value of these nonperforming loans will approximate the unpaid principal balance expected to be recovered based on the fair value of the underlying collateral. For residential and commercial properties, the collateral value is estimated by obtaining an independent appraisal. The appraisal typically considers comparable sales in the area, property condition, and potential rental income that could be generated (particularly for commercial properties). For residential construction loans, the collateral is typically incomplete, so the fair value is estimated as the replacement cost using data from a provider of building cost information to the real estate construction.

Impaired Real Estate Held for Investment: Fair value is generally determined by obtaining an independent appraisal, which typically considers area comparable properties and property condition. The Company believes that in an orderly market, fair value approximates the replacement cost of a home and will list for sale any foreclosed properties. In a disorderly market, the Company believes the highest and best use of the properties is as income producing assets and will hold the properties as rental properties, matching the income from the investment in rental properties with the funds required for estimated future policy benefits. Accordingly, in addition to an appraisal, the fair value determination will generally be weighed more heavily toward the rental analysis.

It should be noted that for replacement cost, when determining the fair value of real estate held for investment, the Company uses a provider of building cost information to the real estate construction industry. For the investment analysis, the Company uses market data based upon its real estate operation experience and projected the present value of the net rental income over seven years. The Company also considers area comparable properties and property condition when determining fair value.

In addition to this analysis performed by the Company, the Company depreciates Real Estate Held for Investment. This depreciation reduces the book value of these properties and lessens the exposure to the Company from further deterioration in real estate values.

Mortgage Servicing Rights: The Company initially recognizes Mortgage Servicing Rights ("MSRs") at their estimated fair values derived from the net cash flows associated with the servicing contracts, where the Company assumes the obligation to service the loan in the sale transaction.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the condensed consolidated balance sheet as of June 30, 2025:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturity securities available for sale	\$ 390,441,720	\$ -	\$ 389,291,982	\$ 1,149,738
Equity securities	16,556,531	16,556,531	-	-
Loans held for sale	165,876,119	-	-	165,876,119
Restricted assets (1)	2,451,338	-	2,451,338	-
Restricted assets (2)	11,327,440	11,327,440	-	-
Cemetery perpetual care trust investments (1)	770,339	-	770,339	-
Cemetery perpetual care trust investments (2)	5,273,613	5,273,613	-	-
Derivatives - loan commitments (3)	3,677,291	-	-	3,677,291
Total assets accounted for at fair value on a recurring basis	\$ 596,374,391	\$ 33,157,584	\$ 392,513,659	\$ 170,703,148
Liabilities accounted for at fair value on a recurring basis				
Derivatives - loan commitments (4)	(757,137)	-	-	(757,137)
Total liabilities accounted for at fair value on a recurring basis	\$ (757,137)	\$ -	\$ -	\$ (757,137)

(1) Fixed maturity securities available for sale

(2) Equity securities

(3) Included in other assets on the condensed consolidated balance sheets

(4) Included in other liabilities and accrued expenses on the condensed consolidated balance sheets

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the condensed consolidated balance sheet as of December 31, 2024:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturity securities available for sale	\$ 366,546,129	\$ -	\$ 365,396,203	\$ 1,149,926
Equity securities	15,771,681	15,771,681	-	-
Loans held for sale	131,181,148	-	-	131,181,148
Restricted assets (1)	2,351,369	-	2,351,369	-
Restricted assets (2)	9,972,166	9,972,166	-	-
Cemetery perpetual care trust investments (1)	769,662	-	769,662	-
Cemetery perpetual care trust investments (2)	4,920,044	4,920,044	-	-
Derivatives - loan commitments (3)	5,348,089	-	-	5,348,089
Total assets accounted for at fair value on a recurring basis	\$ 536,860,288	\$ 30,663,891	\$ 368,517,234	\$ 137,679,163
Liabilities accounted for at fair value on a recurring basis				
Derivatives - loan commitments (4)	\$ (3,034,879)	\$ -	\$ -	\$ (3,034,879)
Total liabilities accounted for at fair value on a recurring basis	\$ (3,034,879)	\$ -	\$ -	\$ (3,034,879)

(1) Fixed maturity securities available for sale

(2) Equity securities

(3) Included in other assets on the condensed consolidated balance sheets

(4) Included in other liabilities and accrued expenses on the condensed consolidated balance sheets

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

For Level 3 assets and liabilities measured at fair value on a recurring basis as of June 30, 2025, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value at June 30, 2025	Valuation Technique	Significant Unobservable Input(s)	Range of Inputs		Weighted Average
				Minimum Value	Maximum Value	
Loans held for sale	\$ 165,876,119	Market approach	Investor contract pricing as a percentage of unpaid principal balance	84.0%	109.0%	102.0%
Derivatives - loan commitments (net)	2,920,154	Market approach	Pull-through rate	68.0%	99.0%	89.0%
			Initial-Value	N/A	N/A	N/A
			Servicing	0 bps	259 bps	53 bps
Fixed maturity securities available for sale	1,149,738	Broker quotes	Pricing quotes	\$ 100.00	\$ 101.07	\$ 100.36

For Level 3 assets and liabilities measured at fair value on a recurring basis as of December 31, 2024, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value at December 31, 2024	Valuation Technique	Significant Unobservable Input(s)	Range of Inputs		Weighted Average
				Minimum Value	Maximum Value	
Loans held for sale	\$ 131,181,148	Market approach	Investor contract pricing as a percentage of unpaid principal balance	84.0%	109.0%	102.0%
Derivatives - loan commitments (net)	2,313,210	Market approach	Pull-through rate	63.0%	100.0%	83.0%
			Initial-Value	N/A	N/A	N/A
			Servicing	0 bps	242 bps	47 bps
Fixed maturity securities available for sale	1,149,926	Broker quotes	Pricing quotes	\$ 100.00	\$ 101.20	\$ 100.16

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The following table is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs for the three month period ended June 30, 2025:

	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - March 31, 2025	\$ 2,787,750	\$ 139,834,226	\$ 1,150,304
Originations and purchases	-	616,896,709	-
Sales, maturities and paydowns	-	(603,595,597)	-
Transfer to mortgage loans held for investment		(828,063)	
Loans held for sale foreclosed into real estate held for sale		(380,000)	
Total gains (losses):			
Included in earnings	132,404(1)	13,948,844(1)	-(2)
Included in other comprehensive income	-	-	(566)
Balance - June 30, 2025	<u>\$ 2,920,154</u>	<u>\$ 165,876,119</u>	<u>\$ 1,149,738</u>

(1) As a component of Mortgage fee income on the condensed consolidated statements of earnings

(2) As a component of Net investment income on the condensed consolidated statements of earnings

The following table is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs for the three month period ended June 30, 2024:

	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - March 31, 2024	\$ 2,145,040	\$ 112,678,958	\$ 1,232,187
Originations and purchases	-	624,218,401	-
Sales, maturities and paydowns	-	(599,685,654)	-
Total gains (losses):			
Included in earnings	429,823(1)	12,984,711(1)	-(2)
Included in other comprehensive income	-	-	5,282
Balance - June 30, 2024	<u>\$ 2,574,863</u>	<u>\$ 150,196,416</u>	<u>\$ 1,237,469</u>

(1) As a component of Mortgage fee income on the condensed consolidated statements of earnings

(2) As a component of Net investment income on the condensed consolidated statements of earnings

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The following table is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs for the six month period ended June 30, 2025:

	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - December 31, 2024	\$ 2,313,210	\$ 131,181,148	\$ 1,149,926
Originations and purchases	-	1,134,783,086	-
Sales, maturities and paydowns	-	(1,124,978,173)	-
Transfer to mortgage loans held for investment	-	(828,063)	-
Loans held for sale foreclosed into real estate held for sale	-	(380,000)	-
Total gains (losses):			
Included in earnings	606,944(1)	26,098,121(1)	-(2)
Included in other comprehensive income	-	-	(188)
Balance - June 30, 2025	<u>\$ 2,920,154</u>	<u>\$ 165,876,119</u>	<u>\$ 1,149,738</u>

(1) As a component of Mortgage fee income on the condensed consolidated statements of earnings

(2) As a component of Net investment income on the condensed consolidated statements of earnings

The following table is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs for the six month period ended June 30, 2024:

	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - December 31, 2023	\$ 1,583,262	\$ 126,549,190	\$ 1,238,656
Originations and purchases	-	1,089,823,515	-
Sales, maturities and paydowns	-	(1,085,736,592)	-
Transfer to mortgage loans held for investment	-	(1,867,552)	-
Foreclosed into real estate held for sale	-	(858,977)	-
Total gains (losses):			
Included in earnings	991,601(1)	22,286,832(1)	-(2)
Included in other comprehensive income	-	-	(1,187)
Balance - June 30, 2024	<u>\$ 2,574,863</u>	<u>\$ 150,196,416</u>	<u>\$ 1,237,469</u>

(1) As a component of Mortgage fee income on the condensed consolidated statements of earnings

(2) As a component of Net investment income on the condensed consolidated statements of earnings

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The Company did not have any financial assets and financial liabilities measured at fair value on a nonrecurring basis as of June 30, 2025 or as of December 31, 2024.

Fair Value of Financial Instruments Carried at Other Than Fair Value

ASC 825, Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value.

The Company uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction as of June 30, 2025 and December 31, 2024.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows as of June 30, 2025:

	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
Assets					
Mortgage loans held for investment					
Residential	\$ 90,130,844	\$ -	\$ -	\$ 91,001,081	\$ 91,001,081
Residential construction	164,679,678	-	-	164,679,678	164,679,678
Commercial	69,593,474	-	-	71,148,434	71,148,434
Mortgage loans held for investment, net	\$ 324,403,996	\$ -	\$ -	\$ 326,829,193	\$ 326,829,193
Policy loans	14,208,030	-	-	14,208,030	14,208,030
Insurance assignments, net (1)	43,680,960	-	-	43,680,960	43,680,960
Restricted assets (2)	1,143,987	-	-	1,143,987	1,143,987
Cemetery perpetual care trust investments (2)	1,723,637	-	-	1,723,637	1,723,637
Mortgage servicing rights, net	2,714,310	-	-	4,160,130	4,160,130
Liabilities					
Bank and other loans payable	\$(122,931,941)	\$ -	\$ -	\$(109,365,273)	\$(109,365,273)
Policyholder account balances (3)	(36,350,373)	-	-	(36,396,788)	(36,396,788)
Future policy benefits - annuities (3)	(105,422,065)	-	-	(104,473,330)	(104,473,330)

(1) Included in other investments and policy loans on the condensed consolidated balance sheets

(2) Mortgage loans held for investment

(3) Included in future policy benefits and unpaid claims on the condensed consolidated balance sheets

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows as of December 31, 2024:

	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
Assets					
Mortgage loans held for investment					
Residential	\$ 89,780,350	\$ -	\$ -	\$ 90,168,328	\$ 90,168,328
Residential construction	150,211,240	-	-	150,211,240	150,211,240
Commercial	61,755,768	-	-	60,864,775	60,864,775
Mortgage loans held for investment, net	\$ 301,747,358	\$ -	\$ -	\$ 301,244,343	\$ 301,244,343
Policy loans					
Insurance assignments, net (1)	46,956,932	-	-	46,956,932	46,956,932
Restricted assets (2)	983,834	-	-	983,834	983,834
Cemetery perpetual care trust investments (2)	2,141,464	-	-	2,141,464	2,141,464
Mortgage servicing rights, net	2,939,878	-	-	4,552,316	4,552,316
Liabilities					
Bank and other loans payable	\$ (106,740,104)	\$ -	\$ -	\$ (90,455,678)	\$ (90,455,678)
Policyholder account balances (3)	(37,066,043)	-	-	(37,626,593)	(37,626,593)
Future policy benefits - annuities (3)	(105,716,087)	-	-	(104,611,544)	(104,611,544)

(1) Included in other investments and policy loans on the consolidated balance sheets

(2) Mortgage loans held for investment

(3) Included in future policy benefits and unpaid claims on the consolidated balance sheets

The methods, assumptions and significant valuation techniques and inputs used to estimate the fair value of these financial instruments are summarized as follows:

Mortgage Loans Held for Investment: The estimated fair value of the Company's mortgage loans held for investment is determined using various methods. The Company's mortgage loans are grouped into three categories: Residential, Residential Construction and Commercial. When estimating the expected future cash flows, it is assumed that all loans will be held to maturity, and any loans that are non-performing are evaluated individually for impairment.

Residential – The estimated fair value is determined through a combination of discounted cash flows (estimating expected future cash flows of payments and discounting them using current interest rates from single-family mortgages) and considering pricing of similar loans that were sold recently.

Residential Construction – These loans primarily have short term maturities. Accordingly, the estimated fair value is determined to be the carrying value.

Commercial – The estimated fair value is determined by estimating expected future cash flows of payments and discounting them using current interest rates for commercial mortgages.

Policy Loans: The carrying amounts reported in the accompanying condensed consolidated balance sheet for these financial instruments approximate their fair values because they are fully collateralized by the cash surrender value of the underlying insurance policies.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

8) Fair Value of Financial Instruments (Continued)

Insurance Assignments, Net: These investments primarily have short term maturities, accordingly, the carrying amounts reported in the accompanying condensed consolidated balance sheet for these financial instruments approximate their fair values.

Bank and Other Loans Payable: The carrying amounts reported in the accompanying condensed consolidated balance sheet for warehouse lines of credit approximate their fair values due to their relatively short-term maturities and variable interest rates. The estimated fair value for bank loans collateralized by real estate is determined by estimating future cash flows of payments and discounting them using current market rates.

Policyholder Account Balances and Future Policy Benefits-Annuities: Future policy benefit reserves for interest-sensitive insurance products are computed under a retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits and claims that are charged to expense include benefit claims incurred in the period of more than related policy account balances. Interest crediting rates for interest-sensitive insurance products ranged from 1.5% to 6.5%. The fair values for these investment-type insurance contracts are estimated based on the present value of liability cash flows. The fair values for the Company's insurance contracts other than investment-type contracts are not required to be disclosed. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk, such that the Company's exposure to changing interest rates is minimized through the matching of investment maturities with amounts due under insurance contracts.

9) Derivative Instruments

Mortgage Banking Derivatives

Loan Commitments

The Company is exposed to price risk due to the potential impact of changes in interest rates on the values of loan commitments from the time a loan commitment is made to an applicant to the time the loan that would result from the exercise of that loan commitment is funded. Managing price risk is complicated by the fact that the ultimate percentage of loan commitments that will be exercised (i.e., the number of loans that will be funded) fluctuates. The probability that a loan will not be funded, or the loan application is denied or withdrawn within the terms of the commitment is driven by several factors, particularly the change, if any, in mortgage rates following the issuance of the loan commitment.

In general, the probability of funding increases if mortgage rates rise and decreases if mortgage rates fall. This is due primarily to the relative attractiveness of current mortgage rates compared to the applicant's committed rate. The probability that a loan will not be funded within the terms of the mortgage loan commitment also is influenced by the source of the applications (retail, broker or correspondent channels), proximity to rate lock expiration, purpose for the loan (purchase or refinance), product type and the application approval status. The Company has developed fallout estimates using historical data that consider all the variables, as well as renegotiations of rate and point commitments that tend to occur when mortgage rates fall. These fallout estimates are used to estimate the number of loans that the Company expects to be funded within the terms of the loan commitments and are updated periodically to reflect the most current data.

The Company estimates the fair value of a loan commitment based on the change in estimated fair value of the underlying mortgage loan, quoted mortgage-backed securities ("MBS") prices, estimates of the fair value of mortgage servicing rights, and an estimate of the probability that the mortgage loan will fund within the terms of the commitment net of estimated commission expense. The change in fair value of the underlying mortgage loan is measured from the date the loan commitment is issued and is shown net of related expenses. Following issuance, the value of a loan commitment can be either positive or negative depending upon the change in value of the underlying mortgage loans. Fallout rates and other factors from the Company's recent historical data are used to estimate the quantity and value of mortgage loans that will be funded within the terms of the commitments.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

9) Derivative Instruments (Continued)

Forward Sale Commitments

The Company utilizes forward commitments to economically hedge the price risk associated with its outstanding mortgage loan commitments. A forward commitment protects the Company from losses on sales of the loans arising from exercise of the loan commitments. Management expects these types of commitments will experience changes in fair value opposite to changes in fair value of the loan commitments, thereby reducing earnings volatility related to the recognition in earnings of changes in the values of the commitments.

The net changes in fair value of loan commitments and forward sale commitments are shown in current earnings as a component of mortgage fee income on the consolidated statements of earnings. Mortgage banking derivatives are shown in other assets and other liabilities and accrued expenses on the condensed consolidated balance sheets.

The following table shows the fair value and notional amounts of derivative instruments:

	Balance Sheet Location	June 30, 2025			December 31, 2024		
		Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives not designated as hedging instruments:							
Loan commitments	Other assets and Other liabilities	\$ 218,215,543	\$ 3,677,291	\$ 757,137	\$ 210,597,657	\$ 5,348,089	\$ 3,034,879
Total		<u>\$ 218,215,543</u>	<u>\$ 3,677,291</u>	<u>\$ 757,137</u>	<u>\$ 210,597,657</u>	<u>\$ 5,348,089</u>	<u>\$ 3,034,879</u>

The table below presents the gains (losses) on derivatives. There were no gains or losses reclassified from accumulated other comprehensive income into income or gains or losses recognized in income on derivatives ineffective portion, or any amounts excluded from effective testing.

Derivative	Classification	Net Amount Gain Three Months Ended June 30,		Net Amount Gain Six Months Ended June 30,	
		2025	2024	2025	2024
Loan commitments	Mortgage fee income	\$ 132,404	\$ 429,823	\$ 606,944	\$ 991,601

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

10) Reinsurance, Commitments and Contingencies

Reinsurance

The Company follows the procedure of reinsuring risks of more than a specified limit, which ranges from \$25,000 to \$100,000 on newly issued policies. The Company has also assumed various reinsurance agreements through acquisition of life companies. The Company is ultimately liable for these reinsured amounts in the event such reinsurers are unable to pay their portion of the claims. The Company evaluates the financial condition of reinsurers and monitors the concentration of credit risk. The Company is also a reinsurer of insurance with other companies.

Mortgage Loan Loss Settlements

Future loan losses can be extremely difficult to estimate. However, the Company believes that the Company's reserve methodology and its current practice of property preservation allow it to estimate its potential losses on loans sold. See Note 4 to the condensed consolidated financial statements for additional information about the Company's loan loss reserve.

Debt Covenants for Mortgage Warehouse Lines of Credit

The Company, through its subsidiary SecurityNational Mortgage, has two lines of credit for the purpose of funding mortgage loans.

One of the lines of credit, with U.S. Bank, allows SecurityNational Mortgage to borrow up to \$15,000,000. The relevant agreement contemplates interest at 2.10% plus the greater of (i) 0%, and (ii) the one-month forward-looking term rate based on SOFR on drawn amounts and matures on July 17, 2026. The Company is required to comply with covenants for adjusted tangible net worth, unrestricted cash balance, and a maximum pre-tax loss of \$2.5 million for the quarter.

The Company's other line of credit, with Western Alliance Bank, allows SecurityNational Mortgage to borrow up to \$25,000,000. The relevant agreement contemplates interest at the 1-Month SOFR rate plus 2.0% on drawn amounts and matures on August 27, 2025. The Company is required to comply with covenants for adjusted tangible net worth, unrestricted cash balance, and a maximum pre-tax loss of \$2.5 million for the quarter.

The agreement for the U.S. Bank warehouse line of credit includes a cross-default provision where certain events of default under other of SecurityNational Mortgage's obligations constitute events of default under the warehouse lines of credit. As of June 30, 2025, SecurityNational Mortgage was not in compliance with the net income covenant of Western Alliance Bank's warehouse line of credit. SecurityNational Mortgage is in the process of receiving waivers. In the unlikely event the Company is required to repay the outstanding advances of approximately \$12,751,822 on the warehouse lines of credit, the Company has sufficient cash to do so. The Company has also performed an analysis of its funding capacities of both internal and external sources and has determined that there are sufficient funds to continue its current business model. The Company continues to negotiate other warehouse lines of credit with other lenders.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

10) Reinsurance, Commitments and Contingencies (Continued)

Debt Covenants for Revolving Lines of Credit and Bank Loans

The Company also has debt covenants on its revolving lines of credit and is required to comply with minimum operating cash flow ratios and minimum net worth requirement for each of its business segments. The Company also has debt covenants for one of its loans on real estate requiring a minimum consolidated operating cash flow ratio, minimum liquidity, and consolidated net worth. In addition to these financial debt covenants, the Company is required to provide segment specific financial statements and building specific financial statements on all bank loans. As of June 30, 2025, the Company was in compliance with all these debt covenants.

Other Contingencies and Commitments

The Company belongs to a captive insurance group (“the captive group”) for certain casualty insurance, worker compensation and general liability programs. The captive group maintains insurance reserves relative to these programs. The level of exposure from catastrophic events is limited by the purchase of stop-loss and aggregate liability reinsurance coverage. When estimating the insurance liabilities and related reserves, the captive group considers several factors, which include historical claims experience, demographic factors, severity factors and valuations provided by independent third-party actuaries. If actual claims or adverse development of loss reserves occurs and exceed these estimates, additional reserves may be required from the Company and its subsidiaries. The estimation process contains uncertainty since captive insurance management must use judgment to estimate the ultimate cost that will be incurred to settle reported claims and unreported claims for incidents incurred but not reported as of the balance sheet date.

The Company is a defendant in various legal actions arising from the normal conduct of business. The Company believes that none of the actions, if adversely determined, will have a material effect on the Company’s financial position or results of operations. Based on management’s assessment and legal counsel’s analysis concerning the likelihood of unfavorable outcomes, no amounts have been accrued for the above claims in the consolidated financial statements. The Company is not a party to any other material legal proceedings outside the ordinary course of business or to any other legal proceedings, which, if adversely determined, would have a material adverse effect on its financial condition or results of operations.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

11) Mortgage Servicing Rights

The Company initially records its MSR at fair value as discussed in Note 8.

After being initially recorded at fair value, MSRs backed by mortgage loans are accounted for using the amortization method. Amortization expense is included in other expenses on the condensed consolidated statements of earnings. MSR amortization is determined by amortizing the MSR balance in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets.

The Company periodically assesses MSRs for impairment. Impairment occurs when the current fair value of the MSR falls below the asset's carrying value (carrying value is the amortized cost reduced by any related valuation allowance). If MSRs are impaired, the impairment is recognized in current-period earnings and the carrying value of the MSRs is adjusted through a valuation allowance.

The Company periodically reviews the various loan strata to determine whether the value of the MSRs in each stratum is impaired and likely to recover. If the Company deems recovery of the value to be unlikely in the foreseeable future, a write-down of the cost of the MSRs for that stratum to its estimated recoverable value is charged to the valuation allowance.

The following table presents the MSR activity:

	As of June 30, 2025	As of December 31, 2024
Amortized cost:		
Balance before valuation allowance at beginning of year	\$ 2,939,878	\$ 3,461,146
MSR additions resulting from loan sales (1)	62,156	90,370
Amortization (2)	(287,724)	(611,638)
Sale of MSRs	-	-
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-
Balance before valuation allowance at end of period	<u>\$ 2,714,310</u>	<u>\$ 2,939,878</u>
Valuation allowance for impairment of MSRs:		
Balance at beginning of year	\$ -	\$ -
Additions	-	-
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-
Balance at end of period	<u>\$ -</u>	<u>\$ -</u>
Mortgage servicing rights, net	<u>\$ 2,714,310</u>	<u>\$ 2,939,878</u>
Estimated fair value of MSRs at end of period	<u>\$ 4,160,130</u>	<u>\$ 4,552,316</u>

(1) Included in mortgage fee income on the condensed consolidated statements of earnings

(2) Included in other expenses on the condensed consolidated statements of earnings

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

11) Mortgage Servicing Rights (Continued)

The table below summarizes the Company's estimate of future amortization of its existing MSRs carried at amortized cost. This projection was developed using the Company's assumptions in its June 30, 2025 valuation of MSRs. The assumptions used in the following table are likely to change as market conditions, portfolio composition and borrower behavior change, causing both actual and projected amortization levels to change over time.

	Estimated MSR Amortization
2025	290,647
2026	262,128
2027	238,072
2028	212,299
2029	190,174
Thereafter	1,520,990
Total	\$ 2,714,310

The Company collected the following contractual servicing fee income and late fee income as reported in other revenues on the condensed consolidated statement of earnings.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Contractual servicing fees	\$ 222,900	\$ 241,944	\$ 455,001	\$ 498,606
Late fees	12,231	53,004	31,848	76,212
Total	\$ 235,131	\$ 294,948	\$ 486,849	\$ 574,818

The following is a summary of the unpaid principal balances ("UPB") of the servicing portfolio.

	As of June 30, 2025	As of December 31, 2024
Servicing UPB	\$ 373,567,275	\$ 385,134,774

The following key assumptions were used in determining MSR value:

	Prepayment Speeds	Average Life (Years)	Discount Rate
June 30, 2025	10.79	7.77	11.97
December 31, 2024	8.79	8.28	12.14

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

12) Income Taxes

The Company's overall effective tax rate for the three month periods ended June 30, 2025 and 2024 was 22.0% and 22.6%, respectively, which resulted in a provision for income taxes of \$1,830,264 and \$2,118,044, respectively, and for the six month periods ended June 30, 2025 and 2024 was 22.0% and 22.4%, respectively, which resulted in a provision for income taxes of \$3,062,866 and \$4,262,833, respectively. The Company's effective tax rate is higher than the U.S. federal statutory rate of 21% due to, among other factors, state taxes as offset by certain state income tax benefits, along with certain permanent tax adjustments such as meals and entertainment and stock-based compensation. The decrease in the effective tax rate when compared to the prior year was primarily due to the Company's decreased state income tax provision.

Interim income taxes are based on an estimated annualized effective tax rate applied to the respective quarterly periods, adjusted for discrete tax items in the period in which they occur. Although the Company believes its tax estimates are reasonable, the Company can make no assurance that the final tax outcome of these matters will not be different from that which it has reflected in its historical income tax provisions and accruals.

13) Revenues from Contracts with Customers

The Company reports revenues from contracts with customers pursuant to ASC No. 606, *Revenue from Contracts with Customers*.

Information about Performance Obligations and Contract Balances

The Company's cemetery and mortuary segment sells a variety of goods and services to customers in both at-need and pre-need situations. Due to the timing of the fulfillment of the obligation, revenue is deferred until that obligation is fulfilled.

The Company's three types of future obligations are as follows:

Pre-need Merchandise and Service Revenue: All pre-need merchandise and service revenue is deferred, and the funds are placed in trust until the need arises, the merchandise is received, or the service is performed. The trust is then relieved, and the revenue and commissions are recognized.

At-need Specialty Merchandise Revenue: At-need specialty merchandise revenue consists of customizable merchandise ordered from a manufacturer such as markers and bases. When specialty merchandise is ordered, it can take time to manufacture and deliver the product. Revenue is deferred until the at-need merchandise is received.

Deferred Pre-need Land Revenue: Deferred pre-need revenue and corresponding commissions are deferred until 10% of the funds are received from the customer through regular monthly payments. Deferred pre-need land revenue is not placed in trust.

Complete payment of the contract does not constitute fulfillment of the performance obligation. Goods or services are deferred until such a time the service is performed or merchandise is received. Pre-need contracts are required to be paid in full prior to a customer using a good or service from a pre-need contract. Goods and services from pre-need contracts can be transferred when paid in full from one owner to another. In such cases, the Company will act as an agent in transferring the requested goods and services. The transfer of goods and services does not fulfill an obligation and revenue remains deferred.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

13) Revenues from Contracts with Customers (Continued)

The opening and closing balances of the Company's receivables, contract assets and contract liabilities are as follows:

	Contract Balances		
	Receivables (1)	Contract Asset	Contract Liability
Opening (December 31, 2024)	\$ 7,095,589	\$ -	\$ 20,168,405
Closing (June 30, 2025)	7,043,636	-	21,589,242
Increase/(decrease)	<u>(51,953)</u>	<u>-</u>	<u>1,420,837</u>

	Contract Balances		
	Receivables (1)	Contract Asset	Contract Liability
Opening (December 31, 2023)	\$ 6,321,573	\$ -	\$ 18,237,246
Closing (December 31, 2024)	7,095,589	-	20,168,405
Increase/(decrease)	<u>774,016</u>	<u>-</u>	<u>1,931,159</u>

(1) Included in Receivables, net on the condensed consolidated balance sheets

The amount of revenue recognized and included in the opening contract liability balance for the three month periods ended June 30, 2025 and 2024 was \$1,164,177 and \$1,429,381, respectively, and for the six month periods ended June 30, 2025 and 2024 was \$2,323,389 and \$2,935,495, respectively.

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing difference between the Company's performance and the customer's payment.

Disaggregation of Revenue

The following table disaggregates revenue for the Company's cemetery and mortuary contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<u>Major goods/service lines</u>				
At-need	\$ 5,083,789	\$ 4,864,380	\$ 10,800,066	\$ 10,274,680
Pre-need	2,173,928	2,904,567	3,757,872	4,442,758
	<u>\$ 7,257,717</u>	<u>\$ 7,768,947</u>	<u>\$ 14,557,938</u>	<u>\$ 14,717,438</u>
<u>Timing of Revenue Recognition</u>				
Goods transferred at a point in time	\$ 4,843,082	\$ 5,032,430	\$ 8,997,629	\$ 9,222,652
Services transferred at a point in time	2,414,635	2,736,517	5,560,309	5,494,786
	<u>\$ 7,257,717</u>	<u>\$ 7,768,947</u>	<u>\$ 14,557,938</u>	<u>\$ 14,717,438</u>

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

14) Receivables

Receivables consist of the following:

	As of June 30, 2025	As of December 31, 2024
Contracts with customers	\$ 7,043,636	\$ 7,095,589
Receivables from sales agents	4,094,413	4,028,881
Other	5,821,672	6,412,804
Total receivables	16,959,721	17,537,274
Allowance for credit losses	(1,491,043)	(1,678,531)
Net receivables	<u>\$ 15,468,678</u>	<u>\$ 15,858,743</u>

The Company records an allowance for credit losses for its receivables in accordance with GAAP.

The following table presents a roll forward of the allowance for credit losses as of the dates indicated:

	Three Months Ended
Beginning balance - March 31, 2025	\$ 1,632,099
Change in provision for credit losses (1)	(104,209)
Charge-offs	(36,847)
Ending balance - June 30, 2025	<u>\$ 1,491,043</u>
Beginning balance - March 31, 2024	\$ 1,755,553
Change in provision for credit losses (1)	31,494
Charge-offs	(16,136)
Ending balance - June 30, 2024	<u>\$ 1,770,911</u>

(1) Included in other expenses on the condensed consolidated statements of earnings

	Six Months Ended
Beginning balance - December 31, 2024	\$ 1,678,531
Change in provision for credit losses (1)	(88,067)
Charge-offs	(99,421)
Ending balance - June 30, 2025	<u>\$ 1,491,043</u>
Beginning balance - December 31, 2023	\$ 1,897,887
Change in provision for credit losses (1)	(87,003)
Charge-offs	(39,973)
Ending balance - June 30, 2024	<u>\$ 1,770,911</u>

(1) Included in other expenses on the condensed consolidated statements of earnings

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

15) Cemetery Perpetual Care Trust Investments and Obligation and Restricted Assets

Cemetery Perpetual Care Trust Investments and Obligation

State law requires the Company to pay into endowment care trusts a portion of the proceeds from the sale of certain cemetery property interment rights for cemeteries that have established an endowment care trust. These endowment care trusts are defined as Variable Interest Entities pursuant to GAAP. The Company is the primary beneficiary of these trusts, as it absorbs both the losses and any expenses associated with the trusts. The Company has consolidated cemetery endowment care trust investments with a corresponding amount recorded as Cemetery Perpetual Care Obligation in the accompanying consolidated balance sheets.

The components of cemetery perpetual care investments and obligation as of June 30, 2025, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>June 30, 2025:</u>				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 652,304	\$ 316	\$ (1,682)	\$ 650,938
Obligations of states and political subdivisions	123,331	-	(3,930)	119,401
Total fixed maturity securities available for sale	<u>\$ 775,635</u>	<u>\$ 316</u>	<u>\$ (5,612)</u>	<u>\$ 770,339</u>
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 4,026,314	\$ 1,476,598	\$ (229,299)	\$ 5,273,613
Total equity securities at estimated fair value	<u>\$ 4,026,314</u>	<u>\$ 1,476,598</u>	<u>\$ (229,299)</u>	<u>\$ 5,273,613</u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 1,727,091			
Less: Allowance for credit losses	(3,454)			
Total mortgage loans held for investment	<u>\$ 1,723,637</u>			
Other investments	<u>\$ 1,106,769</u>			
Cash and cash equivalents	<u>\$ 405,205</u>			
Accrued investment income	<u>\$ 3,078</u>			
Total cemetery perpetual care trust investments	<u>\$ 9,282,641</u>			
Cemetery perpetual care obligation	<u>\$ (5,788,630)</u>			
Trust investments in excess of trust obligations	<u>\$ 3,494,011</u>			

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)

The components of cemetery perpetual care investments and obligation as of December 31, 2024, are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<u>December 31, 2024:</u>				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 651,428	\$ -	\$ (2,010)	\$ 649,418
Obligations of states and political subdivisions	125,194	-	(4,950)	120,244
Total fixed maturity securities available for sale	<u>\$ 776,622</u>	<u>\$ -</u>	<u>\$ (6,960)</u>	<u>\$ 769,662</u>
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 3,874,522	\$ 1,271,529	\$ (226,007)	\$ 4,920,044
Total equity securities at estimated fair value	<u>\$ 3,874,522</u>	<u>\$ 1,271,529</u>	<u>\$ (226,007)</u>	<u>\$ 4,920,044</u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 202,600			
Less: Allowance for credit losses	(405)			
Commercial	1,939,269			
Less: Allowance for credit losses	-			
Total mortgage loans held for investment	<u>\$ 2,141,464</u>			
Cash and cash equivalents	<u>\$ 1,002,396</u>			
Accrued investment income	<u>\$ 2,937</u>			
Total cemetery perpetual care trust investments	<u>\$ 8,836,503</u>			
Cemetery perpetual care obligation	<u>\$ (5,642,693)</u>			
Trust investments in excess of trust obligations	<u>\$ 3,193,810</u>			

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)

Fixed Maturity Securities

The table below summarizes unrealized losses on fixed maturity securities available for sale that were carried at estimated fair value as of June 30, 2025 and December 31, 2024. The tables set forth unrealized losses by duration with the fair value of the related fixed maturity securities:

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Fair Value
<u>June 30, 2025</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,682	\$ 500,140	\$ -	\$ -	\$ 1,682	\$ 500,140
Obligations of states and political subdivisions	-	-	3,930	119,401	3,930	119,401
Totals	<u>\$ 1,682</u>	<u>\$ 500,140</u>	<u>\$ 3,930</u>	<u>\$ 119,401</u>	<u>\$ 5,612</u>	<u>\$ 619,541</u>
<u>December 31, 2024</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 2,010	\$ 649,419	\$ -	\$ -	\$ 2,010	\$ 649,419
Obligations of states and political subdivisions	4,950	120,243	-	-	4,950	120,243
Totals	<u>\$ 6,960</u>	<u>\$ 769,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,960</u>	<u>\$ 769,662</u>

Relevant holdings were comprised of three securities with fair values aggregating 99.1% of the aggregate amortized cost as of June 30, 2025. Relevant holdings were comprised of four securities with fair values aggregating 99.1% of aggregate amortized cost as of December 31, 2024. No credit losses have been recognized for the three and six month periods ended June 30, 2025 and 2024, since the unrealized losses are primarily the result of increases in interest rates. See Note 3 for additional information regarding the Company's evaluation of the allowance for credit losses for fixed maturity securities available for sale.

The table below presents the amortized cost and estimated fair value of fixed maturity securities available for sale as of June 30, 2025, by contractual maturity. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year	\$ 501,823	\$ 500,139
Due in 2-5 years	221,939	218,960
Due in 5-10 years	51,873	51,240
Due in more than 10 years	-	-
Total	<u>\$ 775,635</u>	<u>\$ 770,339</u>

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)

Restricted Assets

The Company has also established certain restricted assets to provide for future merchandise and service obligations incurred in connection with its pre-need sales for its cemetery and mortuary segment.

Additionally, restricted cash represents escrows held for borrowers and investors under servicing and appraisal agreements relating to mortgage loans, funds held by warehouse banks in accordance with loan purchase agreements and funds held in escrow for certain real estate construction development projects. Additionally, the Company elected to maintain its medical benefit fund without change from the prior year and has included this amount as a component of restricted cash. These restricted cash items are for the Company's life insurance and mortgage segments.

Restricted assets as of June 30, 2025, are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
June 30, 2025:				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,926,996	\$ 887	\$ (1,508)	\$ 1,926,375
Obligations of states and political subdivisions	387,046	82	(3,098)	384,030
Corporate securities including public utilities	143,321	8	(2,396)	140,933
Total fixed maturity securities available for sale	<u>\$ 2,457,363</u>	<u>\$ 977</u>	<u>\$ (7,002)</u>	<u>\$ 2,451,338</u>
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 9,601,907	\$ 2,121,588	\$ (396,055)	\$ 11,327,440
Total equity securities at estimated fair value	<u>\$ 9,601,907</u>	<u>\$ 2,121,588</u>	<u>\$ (396,055)</u>	<u>\$ 11,327,440</u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 1,146,280			
Less: Allowance for credit losses	(2,293)			
Total mortgage loans held for investment	<u>\$ 1,143,987</u>			
Other investments	<u>\$ 1,850,936</u>			
Cash and cash equivalents (1)	<u>\$ 12,680,488</u>			
Accrued investment income	<u>\$ 7,632</u>			
Total restricted assets	<u>\$ 29,461,821</u>			

(1) Including cash and cash equivalents of \$11,520,474 for the life insurance and mortgage segments.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)

Restricted assets as of December 31, 2024, are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<u>December 31, 2024:</u>				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,741,029	\$ 2,256	\$ (1,511)	\$ 1,741,774
Obligations of states and political subdivisions	471,217	180	(4,223)	467,174
Corporate securities including public utilities	144,616	32	(2,227)	142,421
Total fixed maturity securities available for sale	<u>\$ 2,356,862</u>	<u>\$ 2,468</u>	<u>\$ (7,961)</u>	<u>\$ 2,351,369</u>
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 8,547,709	\$ 1,914,309	\$ (489,852)	\$ 9,972,166
Total equity securities at estimated fair value	<u>\$ 8,547,709</u>	<u>\$ 1,914,309</u>	<u>\$ (489,852)</u>	<u>\$ 9,972,166</u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 985,806			
Less: Allowance for credit losses	(1,972)			
Total mortgage loans held for investment	<u>\$ 983,834</u>			
Other investments	<u>\$ 1,939,269</u>			
Cash and cash equivalents (1)	<u>\$ 8,553,803</u>			
Accrued investment income	<u>\$ 6,395</u>			
Total restricted assets	<u>\$ 23,806,836</u>			

(1) Including cash and cash equivalents of \$7,657,958 for the life insurance and mortgage segments.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)

Fixed Maturity Securities

The table below summarizes unrealized losses on fixed maturity securities available for sale that were carried at estimated fair value as of June 30, 2025 and December 31, 2024. The tables set forth unrealized losses by duration with the fair value of the related fixed maturity securities.

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Fair Value
<u>At June 30, 2025</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,508	\$ 929,246	\$ -	\$ -	\$ 1,508	\$ 929,246
Obligations of states and political subdivisions	99	233,740	2,999	25,208	3,098	258,948
Corporate securities including public utilities	806	65,000	1,590	50,925	2,396	115,925
Total unrealized losses	<u>\$ 2,413</u>	<u>\$ 1,227,986</u>	<u>\$ 4,589</u>	<u>\$ 76,133</u>	<u>\$ 7,002</u>	<u>\$ 1,304,119</u>

<u>At December 31, 2024</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,511	\$ 558,707	\$ -	\$ -	\$ 1,511	\$ 558,707
Obligations of states and political subdivisions	2,004	237,636	2,219	129,358	4,223	366,994
Corporate securities including public utilities	1,316	51,685	911	65,704	2,227	117,389
Total unrealized losses	<u>\$ 4,831</u>	<u>\$ 848,028</u>	<u>\$ 3,130</u>	<u>\$ 195,062</u>	<u>\$ 7,961</u>	<u>\$ 1,043,090</u>

Relevant holdings were comprised of 11 securities with fair values aggregating 99.5% of the aggregate amortized cost as of June 30, 2025. Relevant holdings were comprised of 15 securities with fair values aggregating 99.2% of the aggregate amortized cost as of December 31, 2024. No credit losses have been recognized for the three and six month periods ended June 30, 2025 and 2024, since the unrealized losses are primarily the result of increases in interest rates. See Note 3 for additional information regarding the Company's evaluation of the allowance for credit losses for fixed maturity securities available for sale.

The table below presents the amortized cost and estimated fair value of fixed maturity securities available for sale as of June 30, 2025, by contractual maturity. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year	\$ 1,167,294	\$ 1,165,242
Due in 2-5 years	941,785	941,849
Due in 5-10 years	100,307	100,283
Due in more than 10 years	247,977	243,964
Total	<u>\$ 2,457,363</u>	<u>\$ 2,451,338</u>

See Notes 3 and 8 for additional information regarding restricted assets and cemetery perpetual care trust investments.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025 (Unaudited)

16) Accumulated Other Comprehensive Income (loss)

The following table summarizes the changes in accumulated other comprehensive income (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Unrealized gains (losses) on fixed maturity securities available for sale	\$ 2,642,449	\$ (654,164)	\$ 6,558,703	\$ (1,689,264)
Amounts reclassified into net earnings	50,796	3,675	(76,729)	(92,876)
Net unrealized gains (losses) before taxes	2,693,245	(650,489)	6,481,974	(1,782,140)
Tax (expense) benefit	(565,252)	135,422	(1,361,701)	373,973
Net	<u>2,127,993</u>	<u>(515,067)</u>	<u>5,120,273</u>	<u>(1,408,167)</u>
Unrealized losses on restricted assets				
(1)	(4,819)	(1,694)	(532)	(3,583)
Tax benefit	1,200	422	132	893
Net	<u>(3,619)</u>	<u>(1,272)</u>	<u>(400)</u>	<u>(2,690)</u>
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(1,150)	(1,052)	1,665	(1,825)
Tax (expense) benefit	287	262	(415)	455
Net	<u>(863)</u>	<u>(790)</u>	<u>1,250</u>	<u>(1,370)</u>
Other comprehensive income (loss) changes	<u>\$ 2,123,511</u>	<u>\$ (517,129)</u>	<u>\$ 5,121,123</u>	<u>\$ (1,412,227)</u>

(1) Fixed maturity securities available for sale

The following table presents the accumulated balances of other comprehensive income (loss) as of June 30, 2025:

	Beginning Balance December 31, 2024	Change for the period	Ending Balance June 30, 2025
Unrealized gains (losses) on fixed maturity securities available for sale	\$ (6,941,915)	\$ 5,120,273	\$ (1,821,642)
Unrealized losses on restricted assets (1)	(4,126)	(400)	(4,526)
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(5,225)	1,250	(3,975)
Other comprehensive income (loss)	<u>\$ (6,951,266)</u>	<u>\$ 5,121,123</u>	<u>\$ (1,830,143)</u>

(1) Fixed maturity securities available for sale

The following table presents the accumulated balances of other comprehensive income (loss) as of December 31, 2024:

	Beginning Balance December 31, 2023	Change for the period	Ending Balance December 31, 2024
Unrealized losses on fixed maturity securities available for sale	\$ (6,876,629)	\$ (65,286)	\$ (6,941,915)
Unrealized gains (losses) on restricted assets (1)	(4,757)	631	(4,126)
Unrealized losses on cemetery perpetual care trust investments (1)	(4,172)	(1,053)	(5,225)
Other comprehensive loss	<u>\$ (6,885,558)</u>	<u>\$ (65,708)</u>	<u>\$ (6,951,266)</u>

(1) Fixed maturity securities available for sale

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The Company’s operations over the last several years generally reflect three strategies which the Company expects to continue: (i) increased attention to “niche” insurance products, such as the Company’s funeral plan policies and traditional whole life products; (ii) increased emphasis on the cemetery and mortuary business; and (iii) capitalizing on an improving housing market by originating mortgage loans.

Insurance Operations

The Company’s life insurance business includes funeral plans and interest-sensitive life insurance, as well as other traditional life, accident and health insurance products. The Company places specific marketing emphasis on funeral plans through pre-need planning.

A funeral plan is a small face value life insurance policy that generally has face coverage of up to \$30,000. The Company believes that funeral plans represent a marketing niche that is less competitive because most insurance companies do not offer similar coverage. The purpose of the funeral plan policy is to pay the costs and expenses incurred at the time of a person’s death. On a per thousand-dollar cost of insurance basis, these policies can be more expensive to the policyholder than many types of non-burial insurance due to their low face amount, requiring the fixed cost of the policy administration to be distributed over a smaller policy size, and the simplified underwriting practices that result in higher mortality costs.

The following table shows the condensed financial results of the insurance operations for the three and six month periods ended June 30, 2025 and 2024. See Note 7 to the condensed consolidated financial statements.

	Three months ended June 30, (in thousands of dollars)			Six months ended June 30, (in thousands of dollars)		
	2025	2024	% Increase (Decrease)	2025	2024	% Increase (Decrease)
Revenues from external customers:						
Insurance premiums	\$ 30,186	\$ 29,961	1%	\$ 59,965	\$ 59,813	0%
Net investment income	20,000	17,184	16%	38,631	35,796	8%
Gains (losses) on investments and other assets	873	(211)	514%	1,164	878	33%
Other revenues	466	303	54%	1,051	721	46%
Intersegment revenues	1,828	1,906	(4%)	3,148	3,286	(4%)
Total segment revenues	<u>\$ 53,353</u>	<u>\$ 49,143</u>	<u>9%</u>	<u>\$ 103,959</u>	<u>\$ 100,494</u>	<u>3%</u>
Segment net earnings	<u>\$ 6,403</u>	<u>\$ 5,617</u>	<u>14%</u>	<u>\$ 10,549</u>	<u>\$ 12,329</u>	<u>(14%)</u>

Profitability for the six month period ended June 30, 2025 decreased due to (a) a \$3,493,000 increase in selling, general and administrative expenses, primarily attributable to a \$2,407,000 increase in personnel expenses due to an annual increase in salaries and key new hires as a part of the Company’s growth strategy, (b) a \$1,492,000 increase in amortization of deferred policy acquisition costs, (c) a \$1,283,000 increase in death benefits, (d) a \$174,000 increase in surrenders and other policy benefits (e) a \$137,000 decrease in intersegment revenue, and (f) a \$42,000 increase in interest expense, which were partially offset by (i) a \$2,834,000 increase in net investment income, (ii) a \$771,000 decrease in future policy benefits, (iii) a \$373,000 decrease in income tax expense, (iv) a \$330,000 increase in other revenues, (v) a \$286,000 increase in gains on investments and other assets, (vi) a \$153,000 increase in insurance premiums and other considerations, and (vii) a \$95,000 decrease in intersegment expenses.

Cemetery and Mortuary Operations

The Company sells mortuary services and products through its eleven mortuaries in Utah and four mortuaries in New Mexico. The Company also sells cemetery products and services through its five cemeteries in Utah, one cemetery in San Diego County, California, and one cemetery in Santa Fe, New Mexico. At-need product sales and services are recognized as revenue when the services are performed or when the products are delivered. Pre-need cemetery product sales are deferred until the merchandise is delivered and services performed. Recognition of revenue for cemetery land sales occurs when 10% of the purchase price is received.

The following table shows the condensed financial results of the cemetery and mortuary operations for the three and six month periods ended June 30, 2025 and 2024. See Note 7 to the condensed consolidated financial statements.

	Three months ended June 30, (in thousands of dollars)			Six months ended June 30, (in thousands of dollars)		
	2025	2024	% Increase (Decrease)	2025	2024	% Increase (Decrease)
Revenues from external customers:						
Cemetery revenues	\$ 4,093	\$ 4,644	(12)%	\$ 7,803	\$ 8,178	(5)%
Mortuary revenues	3,165	3,125	1%	6,755	6,539	3%
Net investment income	465	575	(19)%	887	1,659	(47)%
Gains (losses) on investments and other assets	271	(203)	233%	481	379	27%
Other revenues	146	137	7%	334	310	8%
Intersegment revenues	85	85	0%	169	169	0%
Total segment revenues	\$ 8,225	\$ 8,363	(2)%	\$ 16,429	\$ 17,234	(5)%
Segment net earnings	\$ 1,364	\$ 1,568	(13)%	\$ 3,068	\$ 3,835	(20)%

Profitability in the six month period ended June 30, 2025 decreased due to (a) a \$772,000 decrease in net investment income, (b) a \$520,000 increase in selling, general and administrative expenses, primarily attributable to a \$349,000 increase in personnel expenses, (c) a \$243,000 decrease in cemetery pre-need sales, (d) a \$132,000 decrease in cemetery at-need sales, and (e) a \$1,000 decrease in intersegment revenues, which were partially offset by (i) a \$344,000 decrease in income tax expense, (ii) a \$216,000 increase in mortuary at-need sales, (iii) a \$103,000 decrease in amortization of deferred policy acquisition costs, (iv) a \$102,000 increase in gains on investments and other assets, (v) a \$97,000 decrease in cost of goods and services sold, (vi) a \$25,000 increase in other revenues, and (vii) a \$14,000 decrease in intersegment expenses.

Mortgage Operations

The Company's wholly owned subsidiary, SecurityNational Mortgage Company ("SecurityNational Mortgage"), is a mortgage lender incorporated under the laws of the State of Utah and approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), which originates mortgage loans that qualify for government insurance in the event of default by the borrower, in addition to various conventional mortgage loan products. SecurityNational Mortgage originates and refinances mortgage loans on a retail basis. Mortgage loans originated or refinanced by the SecurityNational Mortgage are funded through loan purchase agreements with Security National Life, Kilpatrick Life and unaffiliated financial institutions.

SecurityNational Mortgage receives fees from borrowers that are involved in mortgage loan originations and refinancings, and secondary fees earned from third party investors that purchase the mortgage loans. Mortgage loans are generally sold with mortgage servicing rights ("MSRs") released to third-party investors or retained by SecurityNational Mortgage. SecurityNational Mortgage currently retains the mortgage servicing rights on approximately 0.79% of its loan origination volume. These mortgage loans are serviced by either SecurityNational Mortgage or an approved third-party sub-servicer.

Mortgage rates have followed the US Treasury yields up in response to increased inflation. As expected, the rapid increase in mortgage rates has resulted in a decrease in loan originations classified as 'refinance.' Higher mortgage rates have also had a negative effect on loan originations classified as 'purchases,' although not as significant as those in the refinance classification.

For the six month periods ended June 30, 2025 and 2024, SecurityNational Mortgage originated 3,375 loans (\$1,134,783,000 total volume) and 3,494 loans (\$1,089,824,000 total volume), respectively.

The following table shows the condensed financial results of the mortgage operations for the three and six month periods ended June 30, 2025 and 2024. See Note 7 to the condensed consolidated financial statements.

	Three months ended June 30, (in thousands of dollars)			Six months ended June 30, (in thousands of dollars)		
	2025	2024	% Increase (Decrease)	2025	2024	% Increase (Decrease)
Revenues from external customers						
Secondary gains from investors	\$ 20,185	\$ 18,675	8%	\$ 37,140	\$ 33,405	11%
Income from loan originations	8,859	9,318	(5)%	15,598	16,158	(3)%
Change in fair value of loans held for sale	308	1,197	(74)%	949	896	6%
Change in fair value of loan commitments	132	430	(69)%	607	992	(39)%
Net investment income	116	286	(59)%	266	536	(50)%
Gains (losses) on investments and other assets	(2)	36	(106)%	84	35	140%
Other revenues	277	335	(17)%	566	684	(17)%
Intersegment revenues	75	145	(48)%	196	292	(33)%
Total segment revenues	\$ 29,950	\$ 30,422	(2)%	\$ 55,406	\$ 52,998	5%
Segment net earnings (loss)	\$ (1,261)	\$ 86	(1,566)%	\$ (2,772)	\$ (1,418)	(95)%

Losses for the six month period ended June 30, 2025 increased due to (a) a \$2,384,000 increase in commissions, (b) a \$941,000 increase in personnel expenses, (c) a \$895,000 increase in other expenses, (d) a \$560,000 decrease in income from loan originations, (e) a \$385,000 decrease in the fair value of loan commitments, (f) a \$324,000 increase in costs related to funding mortgage loans, (g) a \$272,000 increase in advertising expenses, (h) a \$270,000 increase in interest expense, (i) a \$270,000 decrease in net investment income, (j) a \$119,000 decrease in other revenues, and (k) a \$95,000 decrease in intersegment revenues, which were partially offset by (i) a \$3,735,000 increase in secondary gains from investors, (ii) a \$717,000 decrease in rent and rent related expenses, (iii) a \$483,000 increase in income tax benefit, (iv) a \$124,000 decrease in intersegment expenses, (v) a \$53,000 increase in the fair value of loans held for sale, and (vi) a \$49,000 increase in gains on investments and other assets.

Consolidated Results of Operations

Three month period ended June 30, 2025, Compared to Three month period ended June 30, 2024

Total revenues increased by \$3,750,000, or 4.4%, to \$89,541,000 for the three month period ended June 30, 2025, from \$85,791,000 for the comparable period in 2024. Contributing to this increase in total revenues was a \$2,536,000 increase in net investment income, a \$1,520,000 increase in gains on investments and other assets, a \$225,000 increase in insurance premiums and other considerations, and a \$114,000 increase in other revenues, which were partially offset by a \$511,000 decrease in net mortuary and cemetery sales and a \$134,000 decrease in mortgage fee income.

Mortgage fee income decreased by \$134,000, or 0.5%, to \$29,485,000, for the three month period ended June 30, 2025, from \$29,619,000 for the comparable period in 2024. This decrease was primarily due to a \$1,511,000 increase in secondary gains from mortgage loans sold to third-party investors into the secondary market, which was partially offset by a \$889,000 decrease in the fair value of loans held for sale, a \$459,000 decrease in loan fees, interest income, and the provision for loan loss reserve, and a \$297,000 decrease in the fair value of loan commitments.

Insurance premiums and other considerations increased by \$225,000, or 0.8%, to \$30,186,000 for the three month period ended June 30, 2025, from \$29,961,000 for the comparable period in 2024. This increase was primarily due to an increase of \$587,000 in renewal premiums, which was partially offset by a decrease of \$362,000 in first year premiums.

Net investment income increased by \$2,536,000, or 14.1%, to \$20,581,000 for the three month period ended June 30, 2025, from \$18,045,000 for the comparable period in 2024. This increase was primarily attributable to a \$5,436,000 increase in mortgage loan interest, a \$404,000 increase in fixed maturity securities income, a \$252,000 increase in insurance assignment income, a \$71,000 increase in equity securities income, and a \$46,000 increase in policy loan interest, which were partially offset by a \$2,380,000 increase in investment expenses, a \$762,000 decrease in interest on cash and cash equivalents, a \$412,000 decrease in real estate income, and a \$119,000 decrease in other investment income.

Net mortuary and cemetery sales decreased by \$511,000, or 6.6%, to \$7,258,000 for the three month period ended June 30, 2025, from \$7,769,000 for the comparable period in 2024. This decrease was primarily due to a \$388,000 decrease in cemetery pre-need sales and a \$163,000 decrease in cemetery at-need sales, which were partially offset by a \$40,000 increase in mortuary at-need sales.

Gains (losses) on investments and other assets increased by \$1,520,000 to \$1,143,000 in net gains for the three month period ended June 30, 2025, from \$377,000 in net losses for the comparable period in 2024. This increase in gains on investments and other assets was primarily due to a \$1,190,000 increase in gains on equity securities, primarily attributable to increases in the fair value of these equity securities, a \$164,000 increase in gains on real estate, a \$119,000 increase in gains on other assets, and a \$47,000 increase in gains on fixed maturity securities.

Other revenues increased by \$114,000, or 14.7%, to \$889,000 for the three month period ended June 30, 2025, from \$775,000 for the comparable period in 2024. This increase was primarily due to an increase of \$174,000 in other miscellaneous revenues and a decrease of \$60,000 in servicing fee revenue due to a decrease in the retention of mortgage servicing rights.

Death benefits, surrenders and other policy benefits, and future policy benefits increased by an aggregate of \$727,000 or 3.0%, to \$25,053,000 for the three month period ended June 30, 2025, from \$24,326,000 for the comparable period in 2024. This increase was primarily the result of a \$951,000 increase in death benefits and a \$189,000 increase in surrender and other policy benefits, which were partially offset by a \$413,000 decrease in future policy benefits.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired increased by \$1,436,000, or 33.4%, to \$5,737,000 for the three month period ended June 30, 2025, from \$4,301,000 for the comparable period in 2024. This increase was primarily due to an increase in the average outstanding balance of deferred policy and pre-need acquisition costs and primarily due to an increase in the termination rate for deaths and lapses.

Selling, general and administrative expenses increased by \$2,496,000, or 5.5%, to \$47,961,000 for the three month period ended June 30, 2025, from \$45,465,000 for the comparable period in 2024. This increase was primarily the result of a \$1,369,000 increase in personnel expenses due to an annual increase in salaries and key new hires as a part of the Company's growth strategy, a \$956,000 increase in other expenses, a \$358,000 increase in costs related to funding mortgage loans, a \$154,000 increase in advertising expense, a \$13,000 increase in commissions, and a \$6,000 increase in depreciation on property and equipment, which were partially offset by a \$360,000 decrease in rent and rent related expenses.

Interest expense increased by \$220,000, or 20.5%, to \$1,293,000 for the three month period ended June 30, 2025, from \$1,073,000 for the comparable period in 2024. This increase was primarily due to an increase of \$153,000 in interest expense on mortgage warehouse lines of credit for loans held for sale and an increase of \$67,000 in interest expense on bank loans.

Cost of goods and services sold-mortuaries and cemeteries decreased by \$76,000, or 6.2%, to \$1,159,000 for the three month period ended June 30, 2025, from \$1,235,000 for the comparable period in 2024. This decrease was primarily due to a decrease of \$63,000 in at-need sales and a decrease of \$13,000 in pre-need sales.

In summary, total benefits and expenses were \$81,205,000, or 90.7% of total revenues, for the three month period ended June 30, 2025, as compared to \$76,402,000, or 89.1% of total revenues, for the comparable period in 2024.

Six month period ended June 30, 2025, Compared to Six month period ended June 30, 2024

Total revenues increased by \$5,301,000, or 3.2%, to \$172,281,000 for the six month period ended June 30, 2025, from \$166,980,000 for the comparable period in 2024. Contributing to this increase in total revenues was a \$2,843,000 increase in mortgage fee income, a \$1,792,000 increase in net investment income, a \$437,000 increase in gains on investments and other assets, a \$236,000 increase in other revenues, and a \$153,000 increase in insurance premiums and other considerations, which were partially offset by a \$160,000 decrease in net mortuary and cemetery sales.

Mortgage fee income increased by \$2,843,000, or 5.5%, to \$54,294,000, for the six month period ended June 30, 2025, from \$51,451,000 for the comparable period in 2024. This increase was primarily due to a \$3,735,000 increase in secondary gains from mortgage loans sold to third-party investors into the secondary market and a \$53,000 increase in the fair value of loans held for sale, which were partially offset by a \$560,000 decrease in loan fees, interest income, and the provision for loan loss reserve and an \$385,000 decrease in the fair value of loan commitments.

Insurance premiums and other considerations increased by \$153,000, or 0.3%, to \$59,965,000 for the six month period ended June 30, 2025, from \$59,812,000 for the comparable period in 2024. This increase was primarily due to an increase of \$847,000 in renewal premiums, which was partially offset by a decrease of \$694,000 in first year premiums.

Net investment income increased by \$1,792,000, or 4.7%, to \$39,783,000 for the six month period ended June 30, 2025, from \$37,991,000 for the comparable period in 2024. This increase was primarily attributable to a \$4,586,000 increase in mortgage loan interest, a \$908,000 increase in insurance assignment income, a \$666,000 increase in fixed maturity securities income, and a \$95,000 increase in equity securities income, which were partially offset by a \$2,278,000 increase in investment expenses, a \$1,051,000 decrease in interest on cash and cash equivalents, a \$968,000 decrease in real estate income, a \$156,000 decrease in other investment income, and a \$10,000 decrease in policy loan interest.

Net mortuary and cemetery sales decreased by \$160,000, or 1.1%, to \$14,558,000 for the six month period ended June 30, 2025, from \$14,718,000 for the comparable period in 2024. This decrease was primarily due to a \$243,000 decrease in cemetery pre-need sales and a \$132,000 decrease in cemetery at-need sales, which were partially offset by a \$216,000 increase in mortuary at-need sales.

Gains (losses) on investments and other assets increased by \$437,000, or 33.8% to \$1,729,000 for the six month period ended June 30, 2025, from \$1,292,000 for the comparable period in 2024. This increase in gains on investments and other assets was primarily due to a \$308,000 increase in gains on real estate, a \$96,000 increase in gains on equity securities, a \$17,000 increase in gains on other assets, and a \$16,000 increase in gains on fixed maturity securities.

Other revenues increased by \$236,000, or 13.8%, to \$1,951,000 for the six month period ended June 30, 2025, from \$1,715,000 for the comparable period in 2024. This increase was primarily due to an increase of \$324,000 in other miscellaneous revenues and a decrease of \$88,000 in servicing fee revenue due to a decrease in the retention of mortgage servicing rights.

Death benefits, surrenders and other policy benefits, and future policy benefits increased by an aggregate of \$687,000 or 1.4%, to \$51,288,000 for the six month period ended June 30, 2025, from \$50,601,000 for the comparable period in 2024. This increase was primarily the result of a \$1,283,000 increase in death benefits and a \$175,000 increase in surrender and other policy benefits, which were partially offset by \$771,000 decrease in future policy benefits.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired increased by \$1,389,000, or 15.4%, to \$10,434,000 for the six month period ended June 30, 2025, from \$9,045,000 for the comparable period in 2024. This increase was primarily due to an increase in the average outstanding balance of deferred policy and pre-need acquisition costs and primarily due to an increase in the termination rate for deaths and lapses.

Selling, general and administrative expenses increased by \$8,112,000, or 9.7%, to \$91,825,000 for the six month period ended June 30, 2025, from \$83,713,000 for the comparable period in 2024. This increase was primarily the result of a \$3,696,000 increase in personnel expenses due to an annual increase in salaries and key new hires as a part of the Company's growth strategy, a \$2,469,000 increase in commissions, a \$2,071,000 increase in other expenses, a \$324,000 increase in costs related to funding mortgage loans, a \$291,000 increase in advertising expense, and a \$34,000 increase in depreciation on property and equipment, which were partially offset by a \$773,000 decrease in rent and rent related expenses.

Interest expense increased by \$312,000, or 14.8%, to \$2,413,000 for the six month period ended June 30, 2025, from \$2,101,000 for the comparable period in 2024. This increase was primarily due to an increase of \$270,000 in interest expense on mortgage warehouse lines of credit for loans held for sale and an increase of \$42,000 in interest expense on bank loans.

Cost of goods and services sold-mortuaries and cemeteries decreased by \$97,000, or 3.9%, to \$2,413,000 for the six month period ended June 30, 2025, from \$2,510,000 for the comparable period in 2024. This decrease was primarily due to a decrease of \$103,000 in at-need sales, which was partially offset by an increase of \$6,000 in pre-need sales.

In summary, total benefits and expenses were \$158,373,000, or 91.9% of total revenues, for the six month period ended June 30, 2025, as compared to \$147,971,000, or 88.6% of total revenues, for the comparable period in 2024.

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 sale or maturity of investments. The mortgage subsidiaries realize cash flow from fees generated by originating and refinancing mortgage loans and fees from mortgage loans held for sale that are sold to investors into the secondary market. It should be noted that current conditions in the financial markets and economy may affect the realization of these expected cash flows. 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 related to the issuance of new policies, the maintenance of existing policies, debt service, and to meet current operating expenses.

As of June 30, 2025, SecurityNational Mortgage was not in compliance with the net income covenant of Western Alliance Bank's warehouse line of credit. SecurityNational Mortgage is in the process of receiving waivers. In the unlikely event the Company is required to repay the outstanding advances of approximately \$12,751,822 on the warehouse lines of credit, the Company has sufficient cash to do so. The Company has also performed an analysis of its funding capacities of both internal and external sources and has determined that there are sufficient funds to continue its current business model. The Company continues to negotiate other warehouse lines of credit with other lenders.

During the six month periods ended June 30, 2025 and 2024, the Company's operations provided cash of approximately \$1,905,000 and of approximately \$8,104,000, respectively. The decrease in cash provided by operations was due primarily to the decrease in net earnings.

The Company expects to pay out liabilities under its funeral plans over the long term given the nature of those plans. Funeral plans are small face value life insurance policies that payout upon a person's death to cover funeral burial costs; policyholders generally keep these policies in force until, and do not surrender prior to, death. Because of the long-term nature of these liabilities, the Company can hold to maturity or for the targeted investment period its corresponding bond, real estate, and mortgage loan investments, thus reducing the risk of liquidating these long-term investments because of any sudden changes in their fair values.

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 matching. The Company purchases short-term investments on a temporary basis to meet the expected short-term requirements of the Company's insurance products. The Company's investment philosophy is intended to provide a rate of return for the expected duration of its cemetery and mortuary policies that will exceed the accruing of liabilities under those policies regardless of future interest rate movements.

The Company's investment policy is also to invest predominantly in fixed maturity securities, real estate, mortgage loans, and warehousing of mortgage loans. The warehoused mortgage loans are typically held for sale on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the Company's life insurance subsidiaries. Bonds owned by the insurance subsidiaries amounted to \$372,354,000 (at estimated fair value) and \$348,774,000 (at estimated fair value) as of June 30, 2025 and December 31, 2024, respectively. This represented 35.7% and 38.0% of the total investments of the Company as of June 30, 2025 and December 31, 2024, respectively. Generally, all bonds owned by the life insurance subsidiaries are rated by the National Association of Insurance Commissioners. Under this rating system, there are six categories used for the rating of bonds. As of June 30, 2025, 2.0% (or \$7,314,000) and as of December 31, 2024, 2.4% (or \$8,431,000) of the Company's total bond investments were invested in bonds in rating categories three through six, which are considered non-investment grade.

The Company's life insurance subsidiaries are subject to risk-based capital guidelines established by statutory regulators requiring minimum capital levels based on the perceived risk of assets, liabilities, disintermediation, and business risk. As of June 30, 2025 and December 31, 2024, the life insurance subsidiaries were in compliance with the regulatory criteria.

The Company's total capitalization of stockholders' equity, bank and other loans payable was \$477,687,000 as of June 30, 2025, as compared to \$445,758,000 as of December 31, 2024. This increase was primarily due to an increase of \$15,972,000 in stockholders' equity and an increase of \$16,192,000 in bank loans and other loans payable. Stockholders' equity as a percent of total capitalization was 74.3% and 76.1% as of June 30, 2025 and December 31, 2024, respectively.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2024 was 7.0% as compared to a lapse rate of 4.4% for 2023. The 2025 lapse rate to date has been approximately the same as 2024.

The combined statutory capital and surplus of the Company's life insurance subsidiaries was approximately \$127,098,000 and \$120,216,000 as of June 30, 2025, and December 31, 2024, respectively. The life insurance subsidiaries cannot pay a dividend to their parent company without the approval of state insurance regulatory authorities.

The One Big Beautiful Bill Act ("OBBBA"), which was signed into law on July 4, 2025, significantly affected U.S. income tax law. The Company is currently assessing its impact, however the Company does not expect a material impact to its consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, the Company is not required to provide information typically disclosed under this item.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

As of June 30, 2025, the Company carried out an evaluation under the supervision and with the participation of its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed in the Securities and Exchange Commission (SEC) reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified by the SEC's rules and forms and that such information is accumulated and communicated to management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The executive officers have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2025, and that the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, the Company's financial condition, results of operations, and cash flows for the periods presented in conformity with United States Generally Accepted Accounting Principles (GAAP).

Changes in Internal Control over Financial Reporting

There have not been any significant changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings.

The Company is not a party to any material legal proceedings outside the ordinary course of business or to any other legal proceedings, which if adversely determined, would be expected to have a material adverse effect on its financial condition or results of operation.

Item 1A. Risk Factors.

As a smaller reporting company, the Company is not required to provide information typically disclosed under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities and Use of Proceeds from Registered Securities

None.

Issuer Purchases of Equity Securities

On April 22, 2025 the Company executed a 10b5-1 agreement with a broker to repurchase shares of the Company's Class A Common Stock. Under the terms of the agreement, the broker is permitted to repurchase up to \$1,000,000 of the Company's Class A Common Stock. Purchases commenced April 23, 2025. The agreement is subject to the daily time, price and volume conditions of Rule 10b-18. The agreement will expire on December 31, 2025.

The following table shows the Company's repurchase activity during the three-month period ended June 30, 2025 under the 10b5-1 agreement.

Period	(a) Total Number of Class A Shares Purchased	(b) Average Price Paid per Class A Share (1)	(c) Total Number of Class A Shares Purchased as Part of Publicly Announced Plan or Program	(d) Maximum Number (or Approximate Dollar Value) of Class A Shares that May Yet Be Purchased Under the Plan or Program (2)
4/1/2025-4/30/2025	24,039	\$ 9.88	-	170,573
5/1/2025-5/31/2025	28,643	10.19	-	141,930
6/1/2025-6/30/2025	42,902	9.80	-	99,028
Total	95,584	\$ 9.99	-	99,028

(1) Includes fees and commissions paid on stock repurchases.

(2) In September 2018, the Board of Directors of the Company approved a Stock Repurchase Plan that authorized the repurchase of 300,000 shares of the Company's Class A Common Stock in the open market. The Company amended the Stock Repurchase Plan on December 4, 2020. The amendment authorized the repurchase of a total of 1,000,000 shares of the Company's Class A Common Stock in the open market. Any repurchased shares of Class A common stock are to be held as treasury shares to be used as the Company's employer matching contribution to the Employee 401(k) Retirement Savings Plan and for shares held in the Deferred Compensation Plan.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the U.S. The OBBBA includes provisions that allow for the immediate expensing of domestic research and development expenses, immediate expensing of certain capital expenditures, and other changes to the U.S. taxation of profits derived from foreign operations. The Company continues to evaluate the impact the new legislation will have on its estimated annual effective tax rate and cash tax position.

Disclosure of Trading Arrangements

During the three months ended June 30, 2025, no Section 16 officers or directors of the Company adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (each as defined in Item 408 of Regulation S-K of the Exchange Act).

Item 6. Exhibits, Financial Statements Schedules, and Reports on Form 8-K.

(a)(1) Financial Statements

See “Table of Contents – Part I – Financial Information” under page 2 above.

(a)(2) Financial Statement Schedules

None

All other schedules to the consolidated financial statements required by Article 7 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

(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.

3.1	Amended and Restated Articles of Incorporation (1)
3.2	Amended and Restated Bylaws (2)
21	Subsidiaries of the Registrant
31.1	Certification pursuant to 18 U.S.C. Section 1350, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to 18 U.S.C. Section 1350, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

(1) Incorporated by reference from Report on Form 10-K, as filed on March 31, 2017

(2) Incorporated by reference from Report on Form 10-Q, as filed on May 15, 2019

SIGNATURES

Pursuant to the requirements of the Securities 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: August 14, 2025

/s/ Scott M. Quist

Scott M. Quist
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2025

/s/ Garrett S. Sill

Garrett S. Sill
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

SUBSIDIARIES OF THE REGISTRANT
AS OF JUNE 30, 2025**Life Insurance Segment**

Security National Life Insurance Company
Reppond Holding Corporation
First Guaranty Insurance Company
Kilpatrick Life Insurance Company
Southern Security Life Insurance Company, Inc.
Trans-Western Life Insurance Company
Security National Funding Company
New York Land Holdings, Inc.
5300 Development LLC
434 Holdings LLC
Ascension 433 LLC
Ascension 5204 LLC
SN Farmington LLC
SNA Venture LLC
SNA-CM LLC
SNA-MB LLC
SNA-MV LLC
SNA-PE LLC
SNA-RVP LLC
SNA-RVP2 LLC
SNA-SW LLC
SNA-TR2 LLC
SNA-WL2 LLC
SNCH Venture LLC
SNH Investments LLC
SNHH LLC
SNMA Properties LLC
SNMA-AR LLC
SNMA-AR2 LLC
SNMA-PF LLC
SNMA-SC LLC
SNW-HAFB LLC
SNHH-SH LLC
SNHH-OW LLC
C & J Financial, LLC
Beneficiary Advance LLC
SNFC Subsidiary, LLC
American Funeral Financial, LLC
Mortician's Choice, LLC
FFC Acquisition Co., LLC dba Funeral Funding Center
Canadian Funeral Financial, LLC
Beta Capital Corp.
MFF Capital LLC
Marketing Source Center, Inc. dba Security National Travel Services
Security National Real Estate Services, Inc. dba Security National Commercial Capital
SN Marketing LLC

Mortgage Segment

SecurityNational Mortgage Company
EverLEND Mortgage Company
SN Sunset LLC

Cemetery/Mortuary Segment

Memorial Estates, Inc.
Memorial Estates Endowment Care
Memorial Estates Trusts
Memorial Mortuary, Inc.
SN Probst LLC
SN-Holbrook LLC
SN-Rivera LLC
SNR-SF Cemetery LLC
SNR-SF Mortuary LLC
SNR-Taos LLC
SNR-Espanola LLC
SNR-LA LLC
Affordable Funerals and Cremations of America, Inc.
Cottonwood Mortuary, Inc.
Deseret Memorial, Inc.
Holladay Memorial Park, Inc.
Holladay Memorial Park Foundation Trust
Holladay-Cottonwood Memorial Foundation
Holladay-Cottonwood Memorial Foundation Trust
California Memorial Estates, Inc. dba Singing Hills Memorial Park
MEM-JK LLC
SN Oquirrh LLC
SN Towns LLC

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott M. Quist, certify that:

1. I have reviewed this report on Form 10-Q of Security National Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2025

/s/ Scott M. Quist

Scott M. Quist

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Garrett S. Sill, certify that:

1. I have reviewed this report on Form 10-Q of Security National Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2025

/s/ Garrett S. Sill

Garrett S. Sill

Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10-Q for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott M. Quist, Chairman of the Board, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2025

/s/ Scott M. Quist

Scott M. Quist
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10-Q for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Garrett S. Sill, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2025

/s/ Garrett S. Sill

Garrett S. Sill
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)
