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## DELTA REPORT

### 10-Q

SNFCA - SECURITY NATIONAL FINANCI

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

**TOTAL DELTAS** 1163

■ CHANGES	314
■ DELETIONS	360
■ ADDITIONS	489

UNITED STATES  
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 **March 31, June 30, 2024**

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, **6<sup>th</sup>** **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

Class A Common Stock

Trading symbol

SNFCA

Name of each exchange on which registered

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

Accelerated filer

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

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 **May 3, 2024** **August 6, 2024**, the registrant had **20,057,835** **21,099,277** shares of Class A Common Stock, **\$2.00** **\$2.00** par value, outstanding and **2,971,588** **3,120,166** shares of Class C Common Stock, **\$2.00** **\$2.00** par value, outstanding.

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

QUARTER ENDED MARCH 31, JUNE 30, 2024

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**Part I - Financial Information**

**Item 1. Financial Statements.**

SECURITY NATIONAL FINANCIAL CORPORATION  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2024 (Unaudited)	December 31, 2023
<b>Assets</b>		
Investments:		
Fixed maturity securities, available for sale, at estimated fair value (amortized cost of \$386,405,977 and \$390,884,441 for 2024 and 2023, respectively; net of allowance for credit losses of \$410,549 and \$314,549 for 2024 and 2023, respectively)	\$ 375,833,407	\$ 381,535,986
Equity securities at estimated fair value (cost of \$11,160,744 and \$10,571,505 for 2024 and 2023, respectively)	15,161,999	13,636,071
Mortgage loans held for investment (net of allowance for credit losses of \$2,921,614 and \$3,818,653 for 2024 and 2023, respectively)	268,636,784	275,616,837
Real estate held for investment (net of accumulated depreciation of \$27,161,160 and \$29,307,791 for 2024 and 2023, respectively)	183,562,322	183,419,292
Real estate held for sale	13,122,924	3,028,973
Other investments and policy loans (net of allowance for credit losses of \$1,587,525 and \$1,553,836 for 2024 and 2023, respectively)	70,510,984	69,404,617
Accrued investment income	8,961,065	10,170,790
Total investments	<u>935,789,485</u>	<u>936,812,566</u>
Cash and cash equivalents	150,930,786	126,941,658
Loans held for sale at estimated fair value	112,678,958	126,549,190
Receivables (net of allowance for credit losses of \$1,755,553 and \$1,897,887 for 2024 and 2023, respectively)	16,875,546	15,335,315
Restricted assets (including \$10,083,226 and \$9,239,063 for 2024 and 2023 respectively, at estimated fair value)	20,878,561	20,028,976
Cemetery perpetual care trust investments (including \$5,217,068 and \$4,969,005 for 2024 and 2023, respectively, at estimated fair value)	8,368,975	8,082,917
Receivable from reinsurers	14,726,731	14,857,059
Cemetery land and improvements	9,557,577	9,163,691
Deferred policy and pre-need contract acquisition costs	118,117,308	116,351,067
Mortgage servicing rights, net	3,318,155	3,461,146
Property and equipment, net	18,806,536	19,175,099
Value of business acquired	8,457,054	8,467,613
Goodwill	5,253,783	5,253,783
Other	22,742,841	20,072,195
<b>Total Assets</b>	<b>\$ 1,446,502,296</b>	<b>\$ 1,430,552,275</b>

**Part I - Financial Information**

**Item 1. Financial Statements.**

	June 30, 2024 (Unaudited)	December 31, 2023
<b>Assets</b>		
Investments:		
Fixed maturity securities, available for sale, at estimated fair value (amortized cost of \$360,599,601 and \$390,884,441 for 2024 and 2023, respectively; net of allowance for credit losses of \$394,260 and \$314,549 for 2024 and 2023, respectively)	\$ 349,358,027	\$ 381,535,986
Equity securities at estimated fair value (cost of \$11,266,705 and \$10,571,505 for 2024 and 2023, respectively)	15,019,179	13,636,071
Mortgage loans held for investment (net of allowance for credit losses of \$2,853,852 and \$3,818,653 for 2024 and 2023, respectively)	284,343,531	275,616,837
Real estate held for investment (net of accumulated depreciation of \$28,582,113 and \$29,307,791 for 2024 and 2023, respectively)	188,320,653	183,419,292
Real estate held for sale	1,010,530	3,028,973
Other investments and policy loans (net of allowance for credit losses of \$1,535,324 and \$1,553,836 for 2024 and 2023, respectively)	72,520,587	69,404,617
Accrued investment income	8,838,006	10,170,790
Total investments	<u>919,410,513</u>	<u>936,812,566</u>
Cash and cash equivalents	143,632,984	126,941,658
Loans held for sale at estimated fair value	150,196,416	126,549,190
Receivables (net of allowance for credit losses of \$1,770,911 and \$1,897,887 for 2024 and 2023, respectively)	13,962,320	15,335,315
Restricted assets (including \$10,107,237 and \$9,239,063 for 2024 and 2023 respectively, at estimated fair value)	22,600,416	20,028,976
Cemetery perpetual care trust investments (including \$5,197,829 and \$4,969,005 for 2024 and 2023, respectively, at estimated fair value)	8,452,082	8,082,917
Receivable from reinsurers	14,443,938	14,857,059
Cemetery land and improvements	9,546,015	9,163,691

Deferred policy and pre-need contract acquisition costs	119,038,952	116,351,067
Mortgage servicing rights, net	3,172,109	3,461,146
Property and equipment, net	18,048,120	19,175,099
Value of business acquired	8,076,263	8,467,613
Goodwill	5,253,783	5,253,783
Other	24,890,610	20,072,195
<b>Total Assets</b>	<b>\$ 1,460,724,521</b>	<b>\$ 1,430,552,275</b>

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

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

	March 31, 2024	December 31, 2023	June 30, 2024 (Unaudited)	December 31, 2023		
	(Unaudited)	(Unaudited)				
<b>Liabilities and Stockholders' Equity</b>						
<b>Liabilities</b>						
Future policy benefits and unpaid claims	\$ 923,292,031	\$ 916,038,616	\$ 931,047,632	\$ 916,038,616		
Unearned premium reserve	2,491,281	2,543,822	2,441,180	2,543,822		
Bank and other loans payable	104,335,116	105,555,137	103,540,666	105,555,137		
Deferred pre-need cemetery and mortuary contract revenues	18,501,474	18,237,246	18,917,596	18,237,246		
Cemetery perpetual care obligation	5,384,115	5,326,196	5,487,676	5,326,196		
Accounts payable	3,560,096	2,936,968	3,295,434	2,936,968		
Other liabilities and accrued expenses	53,175,654	53,266,090	55,612,594	53,266,090		
Income taxes	15,658,555	13,752,981	14,615,750	13,752,981		
<b>Total liabilities</b>	<b>1,126,398,322</b>	<b>1,117,657,056</b>	<b>1,134,958,528</b>	<b>1,117,657,056</b>		
<b>Stockholders' Equity</b>						
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; 20,048,581 shares issued and outstanding as of March 31, 2024 and 20,048,002 shares issued and outstanding as of December 31, 2023	40,097,162	40,096,004	-	-		
Class A: common stock - \$2.00 par value; 40,000,000 shares authorized; 21,085,936 shares issued and outstanding as of June 30, 2024 and 20,048,002 shares issued and outstanding as of December 31, 2023	-	-	42,171,872	40,096,004		
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; 2,971,680 shares issued and outstanding as of March 31, 2024 and 2,971,854 shares issued and outstanding as of December 31, 2023	5,943,360	5,943,708	-	-		
Class C: convertible common stock - \$2.00 par value; 6,000,000 shares authorized; 3,120,166 shares issued and outstanding as of June 30, 2024 and 2,971,854 shares issued and outstanding as of December 31, 2023	-	-	6,240,332	5,943,708		
Common stock value	5,943,360	5,943,708	6,240,332	5,943,708		
Additional paid-in capital	72,727,294	72,424,429	78,752,885	72,424,429		
Accumulated other comprehensive loss, net of taxes	(7,780,656)	(6,885,558)	(8,297,785)	(6,885,558)		
Retained earnings	214,452,895	206,978,373	213,570,620	206,978,373		
Treasury stock at cost - 756,386 Class A shares and 35,717 Class C shares as of March 31, 2024; and 806,311 Class A shares and 35,717 Class C shares as of December 31, 2023	(5,336,081)	(5,661,737)	-	-		
Treasury stock at cost - 966,102 Class A shares and 37,503 Class C shares as of June 30, 2024; and 806,311 Class A shares and 35,717 Class C shares as of December 31, 2023	-	-	(6,671,931)	(5,661,737)		

Total stockholders' equity	<u>320,103,974</u>	<u>312,895,219</u>	<u>325,765,993</u>	<u>312,895,219</u>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,446,502,296</b>	<b>\$ 1,430,552,275</b>	<b>\$ 1,460,724,521</b>	<b>\$ 1,430,552,275</b>

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

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

	2024		2023		2024		2023		2024		2023	
	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,							
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>												
Mortgage fee income	\$ 21,831,670	\$ 25,989,006	\$ 29,619,516	\$ 26,078,753	\$ 51,451,186	\$ 52,067,759						
Insurance premiums and other considerations	29,852,093	27,967,292	29,960,558	28,813,299	59,812,651	56,780,591						
Net investment income	19,946,568	17,774,883	18,044,808	20,171,974	37,991,376	37,946,857						
Net mortuary and cemetery sales	6,948,491	6,471,429	7,768,947	7,168,714	14,717,438	13,640,143						
Gains on investments and other assets	1,669,426	111,154										
Gains (losses) on investments and other assets			(377,239)	816,584	1,292,187	927,738						
Other	939,950	1,186,970	774,746	796,835	1,714,696	1,983,805						
<b>Total revenues</b>	<b>81,188,198</b>	<b>79,500,734</b>	<b>85,791,336</b>	<b>83,846,159</b>	<b>166,979,534</b>	<b>163,346,893</b>						
<b>Benefits and expenses:</b>												
Death benefits	15,713,753	16,678,366	14,070,165	15,455,305	29,783,918	32,133,671						
Surrenders and other policy benefits	1,215,793	1,132,693	1,042,940	950,657	2,258,733	2,083,350						
Increase in future policy benefits	9,345,887	8,054,939	9,212,937	8,499,804	18,558,824	16,554,743						
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	4,743,913	4,883,581	4,301,389	4,251,321	9,045,302	9,134,902						
Selling, general and administrative expenses:												
Commissions	7,981,217	9,673,310	13,452,841	10,736,126	21,434,058	20,409,436						
Personnel	19,855,135	21,962,512	20,802,576	20,508,415	40,657,711	42,470,927						
Advertising	687,655	903,411	786,217	965,753	1,473,872	1,869,164						
Rent and rent related	1,401,477	1,776,780	1,297,239	1,831,011	2,698,716	3,607,791						
Depreciation on property and equipment	587,449	588,416	592,899	587,213	1,180,348	1,175,629						
Costs related to funding mortgage loans	1,449,095	1,842,342	1,533,881	1,841,367	2,982,976	3,683,709						
Other	6,285,910	7,780,535	6,999,384	7,403,409	13,285,294	15,183,944						
Interest expense	1,027,474	1,453,333	1,073,816	1,414,802	2,101,290	2,868,135						
Cost of goods and services sold-mortuaries and cemeteries	1,274,129	1,185,628	1,235,459	1,251,643	2,509,588	2,437,271						
<b>Total benefits and expenses</b>	<b>71,568,887</b>	<b>77,915,846</b>	<b>76,401,743</b>	<b>75,696,826</b>	<b>147,970,630</b>	<b>153,612,672</b>						
<b>Earnings before income taxes</b>	<b>9,619,311</b>	<b>1,584,888</b>	<b>9,389,593</b>	<b>8,149,333</b>	<b>19,008,904</b>	<b>9,734,221</b>						
Income tax expense	(2,144,789)	(344,716)	(2,118,044)	(1,796,627)	(4,262,833)	(2,141,343)						
<b>Net earnings</b>	<b>\$ 7,474,522</b>	<b>\$ 1,240,172</b>	<b>\$ 7,271,549</b>	<b>\$ 6,352,706</b>	<b>\$ 14,746,071</b>	<b>\$ 7,592,878</b>						
<b>Net earnings per Class A Equivalent common share (1)</b>	<b>\$ 0.34</b>	<b>\$ 0.06</b>	<b>\$ 0.31</b>	<b>\$ 0.27</b>	<b>\$ 0.63</b>	<b>\$ 0.33</b>						
<b>Net earnings per Class A Equivalent common share-assuming dilution (1)</b>	<b>\$ 0.33</b>	<b>\$ 0.05</b>	<b>\$ 0.30</b>	<b>\$ 0.27</b>	<b>\$ 0.62</b>	<b>\$ 0.32</b>						
Weighted-average Class A equivalent common shares outstanding (1)	22,219,490	22,129,713	23,297,455	23,110,818	23,313,768	23,172,477						
Weighted-average Class A equivalent common shares outstanding-assuming dilution (1)	22,945,842	22,687,773	23,873,958	23,702,284	23,976,904	23,750,919						

(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)

	2024		2023		2024		2023		2024		2023	
	Three Months Ended March 31,				Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net earnings	\$ 7,474,522	\$ 1,240,172	\$ 7,271,549	\$ 6,352,706	\$ 14,746,071	\$ 7,592,878						
Other comprehensive income:												
Unrealized gains (losses) on fixed maturity securities available for sale	\$ (1,131,650)	5,218,029	\$ (650,489)	(4,993,177)	(1,782,140)	224,852						
Unrealized gains (losses) on restricted assets (1)	(1,890)	4,133										
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(774)	2,926										
Unrealized losses on restricted assets (1)			(1,694)	(6,189)	(3,583)	(2,056)						
Unrealized losses on cemetery perpetual care trust investments (1)			(1,052)	(3,738)	(1,825)	(812)						
Other comprehensive income (loss), before income tax	(1,134,314)	5,225,088	(653,235)	(5,003,104)	(1,787,548)	221,984						
Income tax (expense) benefit	239,216	(1,097,530)	136,106	1,051,052	375,321	(46,478)						
Other comprehensive income (loss), net of income tax	(895,098)	4,127,558	(517,129)	(3,952,052)	(1,412,227)	175,506						
Comprehensive income	\$ 6,579,424	\$ 5,367,730	\$ 6,754,420	\$ 2,400,654	\$ 13,333,844	\$ 7,768,384						

(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)

	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total	Class A Common Stock	Class C Common Stock	A
	Three Months Ended March 31, 2024									
	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total	Class A Common Stock	Class C Common Stock	A
<b>January 1, 2024</b>	\$ 40,096,004	\$ 5,943,708	\$ 72,424,429	\$ (6,885,558)	\$ 206,978,373	\$ (5,661,737)	\$ 312,895,219	\$ 40,096,004	\$ 5,943,708	\$ 7
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)	-	-	-	-	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)	-	-	-	-	-	348	(348)	-
<b>March 31, 2024</b>	<b>\$ 40,097,162</b>	<b>\$ 5,943,360</b>	<b>\$ 72,727,294</b>	<b>\$ (7,780,656)</b>	<b>\$ 214,452,895</b>	<b>\$ (5,336,081)</b>	<b>\$ 320,103,974</b>	<b>\$ 40,097,162</b>	<b>\$ 5,943,360</b>	<b>\$ 7</b>
Net earnings								-	-	-
Other comprehensive loss								-	-	-
Stock-based compensation expense								-	-	-
Exercise of stock options								64,164	-	-
Vesting of restricted stock units								920	-	-
Sale of treasury stock								-	-	-
Purchase of treasury stock								-	-	-
Conversion Class C to Class A								184	(184)	-

Stock dividends		2,009,442	297,156
<b>June 30, 2024</b>		<b>\$42,171,872</b>	<b>\$6,240,332</b>

	Three Months Ended March 31, 2023							Class A Common Stock	Class C Common Stock	A
	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total			
<b>January 1, 2023</b>	\$ 37,516,062	\$ 5,779,718	\$ 64,767,769	\$ (13,070,277)	\$ 202,160,306	\$ (4,366,651)	\$ 292,786,927	\$ 37,516,062	\$ 5,779,718	\$ 6
<b>Balance, value</b>	\$ 37,516,062	\$ 5,779,718	\$ 64,767,769	\$ (13,070,277)	\$ 202,160,306	\$ (4,366,651)	\$ 292,786,927			
Adoption of ASU 2016-13	-	-	-	-	(671,506)	-	(671,506)	-	-	-
Net earnings	-	-	-	-	1,240,172	-	1,240,172	-	-	-
Other comprehensive income	-	-	-	4,127,558	-	-	4,127,558	-	-	-
Stock-based compensation expense	-	-	143,671	-	-	-	143,671	-	-	-
Exercise of stock options	96,092	-	(62,073)	-	-	-	34,019	96,092	-	-
Sale of treasury stock	-	-	(43,493)	-	-	620,651	577,158	-	-	-
Purchase of treasury stock	-	-	-	-	-	(1,204,357)	(1,204,357)	-	-	-
Conversion Class C to Class A	1,872	(1,872)	-	-	-	-	-	1,872	(1,872)	-
<b>March 31, 2023</b>	\$ 37,614,026	\$ 5,777,846	\$ 64,805,874	\$ (8,942,719)	\$ 202,728,972	\$ (4,950,357)	\$ 297,033,642	\$ 37,614,026	\$ 5,777,846	\$ 6
<b>Balance, value</b>	\$ 37,614,026	\$ 5,777,846	\$ 64,805,874	\$ (8,942,719)	\$ 202,728,972	\$ (4,950,357)	\$ 297,033,642			
<b>Balance</b>								\$ 37,614,026	\$ 5,777,846	\$ 6
Net earnings								-	-	-
Other comprehensive loss								-	-	-
Other comprehensive income (loss)								-	-	-
Stock-based compensation expense								-	-	-
Exercise of stock options						159,284				
Vesting of restricted stock units						810				
Sale of treasury stock								-	-	-
Purchase of treasury stock								-	-	-

Conversion	113,930	(113,930)	
Class C to			
Class A			
Stock	1,899,350	283,188	
dividends			
<b>June 30, 2023</b>	<b>\$ 39,787,400</b>	<b>\$ 5,947,104</b>	<b>\$ 7</b>
<b>Balance</b>	<b>\$ 39,787,400</b>	<b>\$ 5,947,104</b>	<b>\$ 7</b>

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

	2024		2023		2024		2023	
	Three Months Ended March 31,		Six Months Ended June 30,		2024		2023	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Cash flows from operating activities:</b>								
Net cash provided by (used in) operating activities	\$ 25,077,244	\$ (16,073,799)						
Net cash provided by operating activities			\$ 8,104,137	\$ 2,181,039				
<b>Cash flows from investing activities:</b>								
Purchases of fixed maturity securities	(6,670,277)	(11,911,847)	(34,437,326)	(28,549,767)				
Sales, calls and maturities of fixed maturity securities	11,440,209	5,375,819	65,265,141	19,851,603				
Purchases of equity securities	(2,038,459)	(4,596,981)	(2,658,514)	(5,949,902)				
Sales of equity securities	1,412,118	4,150,683	1,996,963	5,430,156				
Purchases of restricted assets	(643,531)	(311,776)	(1,116,336)	(1,148,199)				
Sales, calls and maturities of restricted assets	178,350	24,746	483,871	64,746				
Purchases of cemetery perpetual care trust investments	(46,725)	(113,238)	(49,443)	(355,152)				
Sales, calls and maturities of perpetual care trust investments	54,601	27,199	122,773	91,504				
Mortgage loans held for investment, other investments and policy loans made	(166,160,908)	(165,651,041)	(364,394,871)	(326,286,179)				
Payments received for mortgage loans held for investment, other investments and policy loans	175,017,132	184,156,157	352,904,166	369,206,657				
Purchases of property and equipment	(256,155)	(250,642)	(423,139)	(527,285)				
Sales of property and equipment	71,469	10,974	377,521	10,973				
Purchases of real estate	(17,740,755)	(2,705,716)	(27,823,031)	(3,971,593)				
Sales of real estate	7,082,265	9,160,065	23,136,542	20,684,319				
Net cash provided by investing activities	1,699,334	17,364,402	13,384,317	48,551,881				
<b>Cash flows from financing activities:</b>								
Investment contract receipts	3,237,207	3,100,207	6,775,570	6,103,142				
Investment contract withdrawals	(4,105,463)	(3,831,218)	(7,864,720)	(7,663,735)				
Proceeds from stock options exercised	-	34,019	46,182	38,879				
Purchases of treasury stock	(41,077)	(1,204,357)	(1,629,135)	(2,591,416)				
Repayment of bank loans	(470,652)	(15,684,446)	(939,619)	(68,658,021)				
Proceeds from bank loans	-	46,000,000	-	66,000,000				
Net change in warehouse line borrowings for loans held for sale	(769,236)	(53,656,378)	(1,114,584)	(55,805,126)				
Net cash used in financing activities	(2,149,221)	(25,242,173)	(4,726,306)	(62,576,277)				
<b>Net change in cash, cash equivalents, restricted cash and restricted cash equivalents</b>	<b>24,627,357</b>	<b>(23,951,570)</b>	<b>16,762,148</b>	<b>(11,843,357)</b>				
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	139,923,399	133,483,817	139,923,399	133,483,817				
<b>Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period</b>	<b>\$ 164,550,756</b>	<b>\$ 109,532,247</b>	<b>\$ 156,685,547</b>	<b>\$ 121,640,460</b>				
<b>Supplemental Disclosure of Cash Flow Information:</b>								
Cash paid during the year for:								
Interest	\$ 1,022,460	\$ 1,635,867	\$ 2,107,045	\$ 3,056,099				
Income taxes (net of refunds)	-	(6,878)	3,024,742	17,458,807				

<b>Non Cash Operating, Investing and Financing Activities:</b>						
Transfer of loans held for sale to mortgage loans held for investment	\$ 1,867,552	\$ -	\$ 1,867,552	\$ 1,150,074		
Right-of-use assets obtained in exchange for operating lease liabilities			1,130,610	139,095		
Loans held for sale foreclosed into real estate held for sale	858,977	-	858,977	-		
Right-of-use assets obtained in exchange for operating lease liabilities	479,462	139,095				
Benefit plans funded with treasury stock	470,521	577,158	735,930	1,145,864		
Right-of-use assets obtained in exchange for finance lease liabilities			-	12,332		
Transfer from mortgage loans held for investment to restricted assets	-	1,625,961	-	1,625,961		
Transfer from mortgage loans held for investment to cemetery perpetual care trust investments	-	1,611,550	-	1,611,550		

**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 is presented in the table below:

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash and cash equivalents	\$ 150,930,786	\$ 99,554,776	\$ 143,632,984	\$ 110,285,941
Restricted assets	10,598,384	9,228,113	11,849,488	10,276,918
Cemetery perpetual care trust investments	3,021,586	749,358	1,203,075	1,077,601
 Total cash, cash equivalents, restricted cash and restricted cash equivalents	 \$ 164,550,756	 \$ 109,532,247	 \$ 156,685,547	 \$ 121,640,460
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	 \$ 164,550,756	 \$ 109,532,247	 \$ 156,685,547	 \$ 121,640,460

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

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024 (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, 2023, 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 **March 31, 2024** **June 30, 2024** are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

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 value of mortgage loans foreclosed to real estate held for investment or sale; those used in determining the liability for future policy benefits and unearned revenue; those used in determining the estimated future costs for pre-need sales; those used in determining the value of mortgage servicing rights; those used in determining the value of loans held for sale; those used in determining allowances for credit losses; those used in determining loan loss reserve; and those used in determining deferred tax assets and liabilities. Although some variability is inherent in these estimates, management believes the amounts provided are fairly stated in all material respects.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
 Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

2)Recent Accounting Pronouncements

**Accounting Standards Adopted in 2023**

**ASU No. 2016-13: "Financial Instruments – Credit Losses (Topic 326)"** — Issued in September 2016, ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis (such as mortgage loans held for investment and held to maturity debt securities) and available for sale debt securities. For assets held at an amortized cost basis, Topic 326 eliminates the probable initial recognition threshold and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities Topic 326 requires that credit losses be presented as an allowance rather than as a write-down. The Company adopted this standard on January 1, 2023, and after a review of the affected assets, decreased the opening balance of retained earnings in stockholders' equity by \$671,506 on January 1, 2023. The allowances for credit losses increased (decreased) by the following amounts.

	Amount
Mortgage loans held for investment:	
Residential	\$ (192,607)
Residential construction	301,830
Commercial	555,807
Total	<u>665,030</u>
Restricted assets - mortgage loans held for investment:	
Residential construction	<u>3,463</u>
Cemetery perpetual care trust investments - mortgage loans held for investment:	
Residential construction	<u>3,013</u>
Grand Total	<u>671,506</u>

**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, the FASB issued an update to ASU No. 2018-12 that requires the standard to be adopted by the Company commencing on January 1, 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 Company is in the process of estimating the impact of the new guidance on the consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

June 30, 2024 (Unaudited)

**2) Recent Accounting Pronouncements (Continued)**

**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 beginning on January 1, 2025. The Company is in the process of estimating the impact of the new guidance on the consolidated financial statements.

**ASU No. 2023-07: "Segment Reporting (Topic 280); Improvements to Reportable Segment Disclosures"** — Issued in November 2023, ASU 2023-07 requires enhanced disclosures about significant segment expenses. The key amendments include: (i) disclosures on significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss on an annual and interim basis; (ii) disclosures on an amount for other segment items by reportable segment and a description of its composition on an annual and interim basis. The other segment items category is the difference between segment revenue less the significant expenses disclosed and each reported measure of segment profit or loss; (iii) providing all annual disclosures on a reportable segment's profit or loss and assets currently required by FASB ASC Topic 280, Segment Reporting in interim periods; and (iv) specifying the title and position of the CODM. ASU 2023-07 is effective for the Company for annual periods beginning January 1, 2024 and interim periods beginning January 1, 2025. The Company is in the process of estimating the 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.

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**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements

March 31, 2024 (Unaudited)

**3) Investments**

The Company's investments as of March 31, 2024 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>
<b>March 31, 2024:</b>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 108,273,666	\$ 21,718	\$ (1,168,930)	\$ -	\$ 107,126,454
Obligations of states and political subdivisions	6,314,947	327	(312,669)	-	6,002,605
Corporate securities including public utilities	231,778,966	2,770,637	(7,446,098)	(398,500)	226,705,005
Mortgage-backed securities	39,788,398	342,124	(4,379,130)	(12,049)	35,739,343
Redeemable preferred stock	<u>250,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
Total fixed maturity securities available for sale	<u>\$ 386,405,977</u>	<u>\$ 3,144,806</u>	<u>\$ (13,306,827)</u>	<u>\$ (410,549)</u>	<u>\$ 375,833,407</u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 11,160,744	\$ 4,284,537	\$ (283,282)	-	\$ 15,161,999
Total equity securities at estimated fair value	<u>\$ 11,160,744</u>	<u>\$ 4,284,537</u>	<u>\$ (283,282)</u>	<u>-</u>	<u>\$ 15,161,999</u>
Mortgage loans held for investment at amortized cost:					
Residential	\$ 106,764,632	\$ -	\$ -	\$ -	\$ -
Residential construction	99,748,408	\$ -	\$ -	\$ -	\$ -
Commercial	67,076,085	\$ -	\$ -	\$ -	\$ -
Less: Unamortized deferred loan fees, net	(1,711,491)	\$ -	\$ -	\$ -	\$ -
Less: Allowance for credit losses	(2,921,614)	\$ -	\$ -	\$ -	\$ -
Less: Net discounts	(319,236)	\$ -	\$ -	\$ -	\$ -
Total mortgage loans held for investment	<u>\$ 268,636,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Real estate held for investment - net of accumulated depreciation:					
Residential	\$ 54,638,976	\$ -	\$ -	\$ -	\$ -
Commercial	128,923,346	\$ -	\$ -	\$ -	\$ -
Total real estate held for investment	<u>\$ 183,562,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Real estate held for sale:					
Residential	\$ 859,599	\$ -	\$ -	\$ -	\$ -
Commercial	12,263,325	\$ -	\$ -	\$ -	\$ -
Total real estate held for sale	<u>\$ 13,122,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments and policy loans at amortized cost:					
Policy loans	\$ 13,248,999	\$ -	\$ -	\$ -	\$ -
Insurance assignments	46,710,578	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Bank stock (2)	2,325,900	\$ -	\$ -	\$ -	\$ -
Other investments	9,813,032	\$ -	\$ -	\$ -	\$ -
Less: Allowance for credit losses for insurance assignments	(1,587,525)	\$ -	\$ -	\$ -	\$ -
Total other investments and policy loans	<u>\$ 70,510,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued investment income	<u>\$ 8,961,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u><u>\$ 935,789,485</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

(2) Includes \$552,600 of Membership stock and \$1,773,300 of Activity stock attributable to short-term borrowings and letters of credit.



SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

**3) Investments**

The Company's investments as of June 30, 2024 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	Allowance for Credit Losses	Estimated Fair Value
<u>June 30, 2024:</u>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 84,577,137	\$ 92,975	\$ (961,257)	\$ -	\$ 83,708,855
Obligations of states and political subdivisions	6,030,338	348	(289,225)	-	5,741,461
Corporate securities including public utilities	232,747,782	2,272,483	(7,783,014)	(382,211)	226,855,040
Mortgage-backed securities	36,994,344	260,021	(4,449,645)	(12,049)	32,792,671
Redeemable preferred stock	<u>250,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
Total fixed maturity securities available for sale	<u>\$ 360,599,601</u>	<u>\$ 2,635,827</u>	<u>\$ (13,483,141)</u>	<u>\$ (394,260)</u>	<u>\$ 349,358,027</u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 11,266,705	\$ 4,219,352	\$ (466,878)		\$ 15,019,179
Total equity securities at estimated fair value	<u>\$ 11,266,705</u>	<u>\$ 4,219,352</u>	<u>\$ (466,878)</u>		<u>\$ 15,019,179</u>
Mortgage loans held for investment at amortized cost:					
Residential	\$ 103,667,890				
Residential construction	112,571,713				
Commercial	73,221,774				
Less: Unamortized deferred loan fees, net	(1,952,616)				
Less: Allowance for credit losses	(2,853,852)				
Less: Net discounts	<u>(311,378)</u>				
Total mortgage loans held for investment	<u>\$ 284,343,531</u>				
Real estate held for investment - net of accumulated depreciation:					
Residential	\$ 60,200,289				
Commercial	<u>128,120,364</u>				
Total real estate held for investment	<u>\$ 188,320,653</u>				
Real estate held for sale:					
Residential	\$ 858,977				
Commercial	<u>151,553</u>				
Total real estate held for sale	<u>\$ 1,010,530</u>				
Other investments and policy loans at amortized cost:					
Policy loans	\$ 13,472,198				
Insurance assignments	48,406,690				
Federal Home Loan Bank stock (2)	2,350,500				
Other investments	9,826,523				
Less: Allowance for credit losses for insurance assignments	<u>(1,535,324)</u>				
Total other investments and policy loans	<u>\$ 72,520,587</u>				
Accrued investment income	<u>\$ 8,838,006</u>				
Total investments	<u>\$ 919,410,513</u>				

(3) (1)

Gross unrealized losses are net of allowance for credit losses



**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements**

**June 30, 2024 (Unaudited)**

**3) Investments (Continued)**

The Company's investments as of December 31, 2023 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>
<b>December 31, 2023:</b>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 111,450,753	\$ 344,425	\$ (1,416,448)	\$ -	\$ 110,378,730
Obligations of states and political subdivisions	6,524,083	500	(319,260)	-	6,205,323
Corporate securities including public utilities	232,299,727	3,688,642	(7,145,507)	(308,500)	228,534,362
Mortgage-backed securities	40,359,878	506,647	(4,702,905)	(6,049)	36,157,571
Redeemable preferred stock	<u>250,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
<b>Total fixed maturity securities available for sale</b>	<b><u>\$ 390,884,441</u></b>	<b><u>\$ 4,550,214</u></b>	<b><u>\$ (13,584,120)</u></b>	<b><u>\$ (314,549)</u></b>	<b><u>\$ 381,535,986</u></b>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 10,571,505	\$ 3,504,141	\$ (439,575)		\$ 13,636,071
<b>Total equity securities at estimated fair value</b>	<b><u>\$ 10,571,505</u></b>	<b><u>\$ 3,504,141</u></b>	<b><u>\$ (439,575)</u></b>		<b><u>\$ 13,636,071</u></b>
Mortgage loans held for investment at amortized cost:					
Residential	\$ 103,153,587				
Residential construction	104,052,748				
Commercial	74,176,538				
Less: Unamortized deferred loan fees, net	(1,623,226)				
Less: Allowance for credit losses	(3,818,653)				
Less: Net discounts	<u>(324,157)</u>				
<b>Total mortgage loans held for investment</b>	<b><u>\$ 275,616,837</u></b>				
Real estate held for investment - net of accumulated depreciation:					
Residential	\$ 40,924,865				
Commercial	<u>142,494,427</u>				
<b>Total real estate held for investment</b>	<b><u>\$ 183,419,292</u></b>				
Real estate held for sale:					
Residential	\$ -				
Commercial	<u>3,028,973</u>				
<b>Total real estate held for sale</b>	<b><u>\$ 3,028,973</u></b>				
Other investments and policy loans at amortized cost:					
Policy loans	\$ 13,264,183				
Insurance assignments	45,605,322				
Federal Home Loan Bank stock (2)	2,279,800				
Other investments	9,809,148				
Less: Allowance for credit losses for insurance assignments	<u>(1,553,836)</u>				
<b>Total policy loans and other investments</b>	<b><u>\$ 69,404,617</u></b>				
<b>Accrued investment income</b>	<b><u>\$ 10,170,790</u></b>				
<b>Total investments</b>	<b><u>\$ 936,812,566</u></b>				

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

(2) Includes \$530,900 of Membership stock and \$1,748,900 of Activity stock due to short-term advances and letters of credit.



SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**

**3) Investments (Continued)**

There were no investments, 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 **March 31, 2024** **June 30, 2024**, 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 **March 31, 2024** **June 30, 2024** and December 31, 2023. 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, 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	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value
<u>March 31, 2024</u>										
<u>June 30, 2024</u>										
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 167,532	\$ 53,312,759	\$ 1,001,398	\$ 29,735,785	\$ 1,168,930	\$ 83,048,544	\$ 112,212	\$ 42,279,344	\$ 849,045	\$ 22,526
Obligations of states and political subdivisions	12,735	469,060	299,934	5,083,218	312,669	5,552,278	-	-	289,225	5,291
Corporate securities	613,453	35,567,960	6,832,645	110,572,963	7,446,098	146,140,923	593,138	31,797,535	7,189,876	117,820
Mortgage-backed securities	18,656	4,044,375	4,360,474	23,420,838	4,379,130	27,465,213	9,481	2,816,918	4,440,164	22,812
<b>Totals</b>	<b>\$ 812,376</b>	<b>\$ 93,394,154</b>	<b>\$ 12,494,451</b>	<b>\$ 168,812,804</b>	<b>\$ 13,306,827</b>	<b>\$ 262,206,958</b>	<b>\$ 714,831</b>	<b>\$ 76,893,797</b>	<b>\$ 12,768,310</b>	<b>\$ 168,451</b>
<u>December 31, 2023</u>										
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 29,394	\$ 9,436,090	\$ 1,387,054	\$ 70,885,403	\$ 1,416,448	\$ 80,321,493	\$ 29,394	\$ 9,436,090	\$ 1,387,054	\$ 70,885
Obligations of states and political subdivisions	11,105	470,325	308,155	5,284,498	319,260	5,754,823	11,105	470,325	308,155	5,284
Corporate securities	529,660	32,507,773	6,615,847	107,556,216	7,145,507	140,063,989	529,660	32,507,773	6,615,847	107,556

Mortgage-backed securities	29,799	2,260,445	4,673,106	22,184,174	4,702,905	24,444,619	29,799	2,260,445	4,673,106	22,184
Totals	<u>\$ 599,958</u>	<u>\$ 44,674,633</u>	<u>\$ 12,984,162</u>	<u>\$ 205,910,291</u>	<u>\$ 13,584,120</u>	<u>\$ 250,584,924</u>	<u>\$ 599,958</u>	<u>\$ 44,674,633</u>	<u>\$ 12,984,162</u>	<u>\$ 205,910</u>

Relevant holdings were comprised of 634 securities with fair values aggregating 95.2% of the aggregate amortized cost as of March 31, 2024 and June 30, 2024. Relevant holdings were comprised of 606 securities with fair values aggregating 94.9% of the aggregate amortized cost as of December 31, 2023. Credit loss release of \$16,289 and credit loss provision of \$96,000 and \$179,500 have been recognized for the three month periods ended March 31, 2024 and June 30, 2024 and 2023, respectively. Credit loss provision of \$79,711 and \$224,005 have been recognized for the six month periods ended June 30, 2024 and 2023, 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  
March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**  
**3) Investments (Continued)**

*Evaluation of Allowance for Credit Losses*

See Note 2 regarding the adoption of ASU 2016-13.

On a quarterly basis, the Company evaluates its fixed maturity securities classified as available for sale 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 a rating of 1 or 2 are considered investment grade and are not reviewed for credit loss unless current market data or recent company news could lead to a credit downgrade. Securities with ratings of 3 to 5 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 debt security and it is less likely than not that the Company will be required to sell the debt 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 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 measure a credit loss allowance on accrued interest receivable, included in accrued investment income on the condensed consolidated balance sheets, as the Company writes off any accrued interest receivable balance to net investment income in a timely manner (after 90 days) when the Company has concerns regarding collectability.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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**3) Investments (Continued)**

**3) Investments (Continued)**

*Credit Quality Indicators*

The NAIC assigns designations to fixed maturity securities. These designations range from Class 1 (highest quality) to Class 6 (lowest quality). The NAIC designations are utilized by insurers in preparing their annual statutory statements. NAIC Class 1 and 2 are considered investment grade while the NAIC Class 3 through 6 designations are considered non-investment grade. Based on the NAIC designations, the Company had 98.1% and 98.2% of its fixed maturity securities rated investment grade as of **March 31, 2024** **June 30, 2024** and December 31, 2023, 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	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Amortized Cost	Estimated Fair Value						
1	\$ 216,075,719	\$ 210,349,942	\$ 221,933,425	\$ 216,975,288	\$ 188,735,664	\$ 182,709,415	\$ 221,933,425	\$ 216,975,288
2	162,441,509	158,181,139	161,062,016	157,346,803	164,475,503	159,828,103	161,062,016	157,346,803
3	6,318,939	5,939,193	6,418,829	5,953,542	6,067,391	5,716,888	6,418,829	5,953,542
4	1,078,897	1,053,757	982,290	948,478	827,044	806,121	982,290	948,478
5	239,704	49,375	236,648	51,875	242,804	37,500	236,648	51,875
6	1,209	1	1,233	-	1,195	-	1,233	-
Total	<b>\$ 386,155,977</b>	<b>\$ 375,573,407</b>	<b>\$ 390,634,441</b>	<b>\$ 381,275,986</b>	<b>\$ 360,349,601</b>	<b>\$ 349,098,027</b>	<b>\$ 390,634,441</b>	<b>\$ 381,275,986</b>

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

	Three Months Ended March 31, 2024					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	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 - January 1, 2024	\$ -	\$ -	\$ 308,500	\$ 6,049	\$ 314,549	\$ -	\$ -	\$ -	\$ 398,500	\$ 12,049	\$ 410,549
Beginning balance - March 31, 2024											
Additions for credit losses not previously recorded	-	-	30,000	-	30,000	-	-	-	-	-	-
Change in allowance on securities with previous allowance	-	-	60,000	6,000	66,000	-	-	(16,289)	-	(16,289)	
Reductions for securities sold during the period	-	-	-	-	-	-	-	-	-	-	



SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
 Notes to Condensed Consolidated Financial Statements  
 March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**

**3) Investments (Continued)**

	Three Months Ended March 31, 2023					Three Months Ended June 30, 2023				
	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	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 - January 1, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning balance - March 31, 2023						\$ -	\$ -	\$ -	\$ 179,500	\$ - \$ 179,500
Additions for credit losses not previously recorded			179,500		179,500					
Change in allowance on securities with previous allowance									44,505	44,505
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 - March 31, 2023	\$ -	\$ -	\$ 179,500	\$ -	\$ 179,500					
Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 179,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 179,500</u></u>					
Ending Balance - June 30, 2023						\$ -	\$ -	\$ -	\$ 224,005	\$ - \$ 224,005

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, 2024:

Six Months Ended June 30, 2024

	<u>U.S. Treasury securities and obligations of U.S. Government agencies</u>	<u>Obligations of states and political subdivisions</u>	<u>Corporate securities including public utilities</u>	<u>Mortgage-backed securities</u>	<u>Total</u>
Beginning balance - January 1, 2024	\$ -	\$ -	\$ 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>
			Six Months Ended June 30, 2023		
	<u>U.S. Treasury securities and obligations of U.S. Government agencies</u>	<u>Obligations of states and political subdivisions</u>	<u>Corporate securities including public utilities</u>	<u>Mortgage-backed securities</u>	<u>Total</u>
Beginning balance - January 1, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Additions for credit losses not previously recorded	-	-	179,500	-	179,500
Change in allowance on securities with previous allowance	-	-	44,505	-	44,505
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, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,005</u>	<u>\$ -</u>	<u>\$ 224,005</u>

## SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

June 30, 2024 (Unaudited)

## 3) Investments (Continued)

The table below presents the amortized cost and the estimated fair value of fixed maturity securities available for sale as of **March 31, 2024** **June 30, 2024**, by contractual maturity. Actual or 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	Amortized Cost	Estimated Fair Value
Due in 1 year	\$ 72,470,984	\$ 72,077,712	\$ 28,273,026	\$ 28,077,221
Due in 2-5 years	123,253,754	120,601,532	127,055,688	124,443,548
Due in 5-10 years	85,540,964	84,576,263	102,523,947	101,192,513
Due in more than 10 years	65,101,877	62,578,557	65,502,596	62,592,074
Mortgage-backed securities	39,788,398	35,739,343	36,994,344	32,792,671
Redeemable preferred stock	250,000	260,000	250,000	260,000
<b>Total</b>	<b>\$ 386,405,977</b>	<b>\$ 375,833,407</b>	<b>\$ 360,599,601</b>	<b>\$ 349,358,027</b>

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

	2024		2023		2024		2023		Six Months Ended June 30,	
	Three Months Ended March 31,				Three Months Ended June 30,		Six Months Ended June 30,			
	2024		2023		2024		2023		2024	2023
Proceeds from sales	\$ 179,989		\$ 1,209,844		\$ 427,253		\$ -		\$ 607,242	\$ 955,610
Gross realized gains	303		15,490		24,031		-		24,334	11,257
Gross realized losses	(854)		(54,104)		(36,646)		-		(37,499)	(54,104)

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
 Notes to Condensed Consolidated Financial Statements  
 March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**  
**3) Investments (Continued)**

**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 March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
Fixed maturity securities available for sale at estimated fair value	\$ 6,068,973	\$ 6,206,650	\$ 6,202,936	\$ 6,206,650
Other investments	400,000	400,000	400,000	400,000
Cash and cash equivalents	1,982,298	1,909,215	1,424,707	1,909,215
<b>Total assets on deposit</b>	<b>\$ 8,451,271</b>	<b>\$ 8,515,865</b>	<b>\$ 8,027,643</b>	<b>\$ 8,515,865</b>

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

	As of March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
Fixed maturity securities available for sale at estimated fair value	\$ 27,718,677	\$ 27,903,952	\$ 28,134,790	\$ 27,903,952
Cash and cash equivalents	2,469,301	2,101,052	776,883	2,101,052
<b>Total assets on deposit</b>	<b>\$ 30,187,978</b>	<b>\$ 30,005,004</b>	<b>\$ 28,911,673</b>	<b>\$ 30,005,004</b>

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 March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
Fixed maturity securities available for sale at estimated fair value	\$ 94,098,666	\$ 93,903,089	\$ 58,645,012	\$ 93,903,089
<b>Total assets pledged as collateral</b>	<b>\$ 94,098,666</b>	<b>\$ 93,903,089</b>	<b>\$ 58,645,012</b>	<b>\$ 93,903,089</b>

**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 and manages commercial real estate assets as a means of generating investment income. These assets are 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 classes of investments are determined by senior management under the direction of the Board of Directors.

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
 Notes to Condensed Consolidated Financial Statements  
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**3) Investments (Continued)**  
**3) Investments (Continued)**

The Company employs full-time employees to attend to the day-to-day operations of those assets 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 looks to acquire assets that are in regions expected to have high growth in employment and population and that provide operational efficiencies.

The Company currently owns and operates **seven** **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 aggregated net book value of commercial real estate serving as collateral for bank loans was **\$123,079,008** **\$121,972,571** and **\$124,381,467** as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively. The associated bank loan carrying values totaled **\$97,359,494** **\$96,911,932** and **\$97,807,614** as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

During the three and **six** month periods ended **March 31, 2024** **June 30, 2024** and 2023, 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 **March 31, 2024** **June 30, 2024** and 2023, the Company recorded depreciation expense on commercial real estate held for investment of **\$1,527,793** **\$1,418,301** and **\$1,565,927** **\$1,576,901**, respectively, and of **\$2,946,094** and **\$3,142,828** during the **six** month periods ended June 30, 2024 and 2023, 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 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		Net Book Value		Total Square Footage	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	\$ 128,904,262	\$ 142,475,177	546,941	625,920	\$ 128,101,446	\$ 142,475,177	546,941	625,920
Utah (1)	\$ 19,084	19,250	1,622	1,622	18,918	19,250	1,622	1,622
Louisiana	\$ 128,923,346	\$ 142,494,427	548,563	627,542	\$ 128,120,364	\$ 142,494,427	548,563	627,542

(1) Includes Center53

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**  
**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		Total Square Footage	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	\$ 151,553	\$ 3,028,973	-	19,694
Mississippi (1)	\$ 12,111,772	-	78,979	-
Utah (2)	\$ 12,263,325	\$ 3,028,973	78,979	19,694

	Net Book Value		Total Square Footage	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	\$ 151,553	\$ 3,028,973	-	19,694
Mississippi (1)	\$ 151,553	\$ 3,028,973	-	19,694
Utah (2)	\$ 151,553	\$ 3,028,973	-	19,694

(1) Consists of approximately 93 acres of undeveloped land for \$151,553 for 2024 and 2023. The remaining property for \$2,877,420 was sold in February 2024 for a gain of approximately \$250,000.

(2) Sold in April 2024 for a gain of approximately \$3,000

The property is being marketed with the assistance of commercial real estate brokers in Mississippi.

Residential Real Estate Held for Investment and Held for Sale

The Company occasionally acquires a small portfolio of residential homes primarily because of loan foreclosures. 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 invests in residential subdivision development.

The Company established Security National Real Estate Services ("SNRE") to manage its residential property portfolio. SNRE cultivates and maintains the preferred vendor relationships necessary to manage costs and quality of work performed on the Company's entire residential property portfolio.

During the three and six month periods ended **March 31, 2024** **June 30, 2024** and 2023 the Company did not record any impairment losses on residential real estate held for sale or 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 **March 31, 2024** **June 30, 2024** and 2023, the Company recorded depreciation expense on residential real estate held for investment of \$2,653 and \$2,648, respectively, and \$5,305 and \$5,296 during the six month periods ended **June 30, 2024** and 2023, 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.

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

	Net Book Value	
	March 31, 2024	December 31, 2023
	\$ 54,638,976	\$ 40,924,865
Utah (1)	\$ 54,638,976	\$ 40,924,865

	Net Book Value	
	June 30, 2024	December 31, 2023
	\$ 60,200,289	\$ 40,924,865
Utah (1)	\$ 60,200,289	\$ 40,924,865

(1) Includes multiple residential subdivision development projects

**2022**

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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 March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**  
**3) Investments (Continued)**

The following table presents additional information regarding the Company's residential subdivision development in Utah:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Lots developed	64	42	50	42
Lots to be developed	1,269	1,145	1,293	1,145
Book Value	\$ 54,449,234	\$ 40,739,201	\$ 60,019,930	\$ 40,739,201

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

Utah	Net Book Value	
	March 31, 2024	December 31, 2023
	\$ 859,599	\$ -
Utah	Net Book Value	
	June 30, 2024	December 31, 2023
	\$ 858,977	\$ -

The net book value of foreclosed residential real estate included in residential real estate held for sale was \$859,599 858,977 and nil as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

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 March 31, 2024 June 30, 2024, real estate owned and occupied by the Company is summarized as follows:

Location	Business Segment	Approximate Square Footage	Square Footage Occupied by the Company	Business Segment	Approximate Square Footage	Square Footage Occupied by the Company
				Corporate Offices, Life Insurance, Cemetery/Mortuary Operations, and Mortgage Operations and Sales	221,000	50%
433 Ascension Way, Floors 4, 5 and 6, Salt Lake City, UT - Center53 Building 2 (1)	Corporate Offices, Life Insurance, Cemetery/Mortuary Operations, and Mortgage Operations and Sales	221,000	50%	Corporate Offices, Life Insurance, Cemetery/Mortuary Operations, and Mortgage Operations and Sales	221,000	50%
1818 Marshall Street, Shreveport, LA (2)	Life Insurance Operations	12,274	100%	Life Insurance Operations	12,274	100%
909 Foisy Street, Alexandria, LA (2) (3)	Life Insurance Sales	8,059	100%			
812 Sheppard Street, Minden, LA (2) (4)	Life Insurance Sales	1,560	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) Sold in April 2024 for a loss of approximately \$39,000

(4)(3) Listed for sale

#### **Mortgage Loans Held for Investment**

Mortgage loans held for investment consist of first and second mortgages. The mortgage loans bear interest at rates ranging from 2.0% to 10.5%, maturity dates range from nine months to 30 years and the loans are secured by real estate.

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements

March 31, 2024 (Unaudited)

**3) Investments (Continued)**

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 **March 31, 2024** **June 30, 2024**, the Company had **43** 47%, **11** 10%, 8%, **8** 7% and 7%, of its mortgage loans from borrowers located in the states of Utah, **Texas**, Florida, California, **Texas**, and Arizona, respectively. As of December 31, 2023, the Company had 44%, 11%, 10%, 7% and 6% of its mortgage loans from borrowers located in the states of Utah, Florida, California, Texas, and Arizona respectively.

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

June 30, 2024 (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*

See Note 2 regarding the adoption of ASU 2016-13.

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 **\$328,000** **274,000** and \$237,000 as of **March 31, 2024** June 30, 2024 and December 31, 2023, 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.

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements

March 31, 2024 (Unaudited)

**3) Investments (Continued)**

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, 2024 (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)**— 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.

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, 2024 (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				Three Months Ended			
	Commercial	Residential	Residential Construction	Total	Commercial	Residential	Residential Construction	Total
Beginning balance - January 1, 2024	\$ 1,219,653	\$ 2,390,894	\$ 208,106	\$ 3,818,653				
Beginning balance - March 31, 2024					\$ 859,622	\$ 1,862,495	\$ 199,497	\$ 2,921,614
Adoption of ASU 2016-13 (1)					555,807	(192,607)	301,830	665,030
Change in provision for credit losses	(360,031)	(528,399)	(8,609)	(897,039)	(10,299)	(83,109)	25,646	(67,762)
Charge-offs	-	-	-	-	-	-	-	-
Ending balance - March 31, 2024	\$ 859,622	\$ 1,862,495	\$ 199,497	\$ 2,921,614				
Ending balance - June 30, 2024					\$ 849,323	\$ 1,779,386	\$ 225,143	\$ 2,853,852
Beginning balance - January 1, 2023	\$ 187,129	\$ 1,739,980	\$ 43,202	\$ 1,970,311				
Adoption of ASU 2016-13 (1)	555,807	(192,607)	301,830	665,030				
Beginning balance - March 31, 2023					\$ 758,131	\$ 1,685,100	\$ 292,188	\$ 2,735,419
Change in provision for credit losses (2)	15,195	137,727	(52,844)	100,078	72,924	(95,240)	(49,543)	(71,859)
Charge-offs	-	-	-	-	-	-	-	-
Ending balance - March 31, 2023	\$ 758,131	\$ 1,685,100	\$ 292,188	\$ 2,735,419				
Ending balance - June 30, 2023					\$ 831,055	\$ 1,589,860	\$ 242,645	\$ 2,663,560
	Six Months Ended							
	Commercial				Residential Construction			
Beginning balance - January 1, 2024	\$ 1,219,653	\$ 2,390,894	\$ 208,106	\$ 3,818,653				
Change in provision for credit losses (2)	(370,330)	(611,508)	17,037	(964,801)				
Charge-offs	-	-	-	-				
Ending balance - June 30, 2024	\$ 849,323	\$ 1,779,386	\$ 225,143	\$ 2,853,852				
Beginning balance - January 1, 2023	\$ 187,129	\$ 1,739,980	\$ 43,202	\$ 1,970,311				
Adoption of ASU 2016-13 (1)	555,807	(192,607)	301,830	665,030				
Change in provision for credit losses (2)	88,119	42,487	(102,387)	28,219				
Charge-offs	-	-	-	-				
Ending balance - June 30, 2023	\$ 831,055	\$ 1,589,860	\$ 242,645	\$ 2,663,560				

(1) See Note 2 of the notes to the condensed consolidated financial statements

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

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**

**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	Commercial	Residential	Residential Construction	Total
<b>March 31, 2024</b>								
<b>June 30, 2024</b>								
30-59 days past due	\$ 5,056,753	\$ 3,868,858	\$ -	\$ 8,925,611	\$ 2,150,000	\$ 8,155,074	\$ -	\$ 10,305,074
60-89 days past due	-	2,018,961	-	2,018,961	109,510	1,807,652	-	1,917,162
Over 90 days past due (1)	405,000	3,001,826	-	3,406,826	405,000	3,367,379	-	3,772,379
In process of foreclosure (1)	191,508	1,694,997	-	1,886,505	191,508	1,965,642	-	2,157,150
Total past due	<u>5,653,261</u>	<u>10,584,642</u>	<u>-</u>	<u>16,237,903</u>	<u>2,856,018</u>	<u>15,295,747</u>	<u>-</u>	<u>18,151,765</u>
Current	<u>61,422,824</u>	<u>96,179,990</u>	<u>99,748,408</u>	<u>257,351,222</u>	<u>70,365,756</u>	<u>88,372,143</u>	<u>112,571,713</u>	<u>271,309,612</u>
Total mortgage loans	<u>67,076,085</u>	<u>106,764,632</u>	<u>99,748,408</u>	<u>273,589,125</u>	<u>73,221,774</u>	<u>103,667,890</u>	<u>112,571,713</u>	<u>289,461,377</u>
Allowance for credit losses	(859,622)	(1,862,495)	(199,497)	(2,921,614)	(849,323)	(1,779,386)	(225,143)	(2,853,852)
Unamortized deferred loan fees, net	(144,981)	(1,168,387)	(398,123)	(1,711,491)	(119,303)	(1,195,913)	(637,400)	(1,952,616)
Unamortized discounts, net	(159,979)	(159,257)	-	(319,236)	(156,409)	(154,969)	-	(311,378)
Net mortgage loans held for investment	<u>\$ 65,911,503</u>	<u>\$ 103,574,493</u>	<u>\$ 99,150,788</u>	<u>\$ 268,636,784</u>	<u>\$ 72,096,739</u>	<u>\$ 100,537,622</u>	<u>\$ 111,709,170</u>	<u>\$ 284,343,531</u>
<b>December 31, 2023</b>								
30-59 days past due					\$ -	\$ 3,387,673	\$ -	\$ 3,387,673
60-89 days past due					-	3,472,760	-	3,472,760
Over 90 days past due (1)					405,000	3,480,931	-	3,885,931
In process of foreclosure (1)					1,241,508	1,021,790	-	2,263,298
Total past due					<u>1,646,508</u>	<u>11,363,154</u>	<u>-</u>	<u>13,009,662</u>
Current					<u>72,530,030</u>	<u>91,790,433</u>	<u>104,052,748</u>	<u>268,373,211</u>
Total mortgage loans					<u>74,176,538</u>	<u>103,153,587</u>	<u>104,052,748</u>	<u>281,382,873</u>
Allowance for credit losses					(1,219,653)	(2,390,894)	(208,106)	(3,818,653)
Unamortized deferred loan fees, net					(172,989)	(1,135,491)	(314,746)	(1,623,226)
Unamortized discounts, net					(216,705)	(107,452)	-	(324,157)
Net mortgage loans held for investment					<u>\$ 72,567,191</u>	<u>\$ 99,519,750</u>	<u>\$ 103,529,896</u>	<u>\$ 275,616,837</u>
<b>December 31, 2023</b>								
30-59 days past due	\$ -	\$ 3,387,673	\$ -	\$ 3,387,673				
60-89 days past due	-	3,472,760	-	3,472,760				
Over 90 days past due (1)	405,000	3,480,931	-	3,885,931				
In process of foreclosure (1)	1,241,508	1,021,790	-	2,263,298				
Total past due	<u>1,646,508</u>	<u>11,363,154</u>	<u>-</u>	<u>13,009,662</u>				
Current	<u>72,530,030</u>	<u>91,790,433</u>	<u>104,052,748</u>	<u>268,373,211</u>				

Total mortgage loans	<u>74,176,538</u>	<u>103,153,587</u>	<u>104,052,748</u>	<u>281,382,873</u>
Allowance for credit losses	<u>(1,219,653)</u>	<u>(2,390,894)</u>	<u>(208,106)</u>	<u>(3,818,653)</u>
Unamortized deferred loan fees, net	<u>(172,989)</u>	<u>(1,135,491)</u>	<u>(314,746)</u>	<u>(1,623,226)</u>
Unamortized discounts, net	<u>(216,705)</u>	<u>(107,452)</u>	<u>-</u>	<u>(324,157)</u>
Net mortgage loans held for investment	<u>\$ 72,567,191</u>	<u>\$ 99,519,750</u>	<u>\$ 103,529,896</u>	<u>\$ 275,616,837</u>

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

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**

**3) Investments (Continued)**

Credit Quality Indicators

The Company evaluates and monitors the credit quality of its commercial loans by analyzing loan to value ("LTV") and debt service coverage ratios ("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 **March 31, 2024 June 30, 2024**:

Credit Quality Indicator	2024	2023	2022	2021	2020	Prior	Total	% of Total	2024	2023	2022
	LTV:	Credit Quality Indicator									
<b>LTV:</b>											
Less than 65%	\$ 4,221,500	\$ 34,304,450	\$ 3,335,678	\$ 3,755,796	\$ -	\$ 9,410,047	\$ 55,027,471	82.04 %	\$ 6,034,800	\$ 33,954,450	\$ 2,828,800
65% to 80%	432,978	1,523,926	4,773,397	-	-	-	6,730,301	10.03 %	10,432,942	1,523,850	823,850
Greater than 80%	-	-	-	405,000	4,913,313	-	5,318,313	7.93 %	-	-	-
<b>Total</b>	<b>\$ 4,654,478</b>	<b>\$ 35,828,376</b>	<b>\$ 8,109,075</b>	<b>\$ 4,160,796</b>	<b>\$ 4,913,313</b>	<b>\$ 9,410,047</b>	<b>\$ 67,076,085</b>	<b>100.00 %</b>	<b>\$ 16,467,742</b>	<b>\$ 35,478,300</b>	<b>\$ 3,652,650</b>
<b>DSCR</b>											
>1.20x	\$ 4,221,500	\$ 20,990,000	\$ 1,000,000	\$ 700,000	\$ 4,913,313	\$ 5,538,915	\$ 37,363,728	55.70 %	\$ 16,034,800	\$ 20,990,000	\$ 1,000,000
1.00x - 1.20x	432,978	8,338,376	7,109,075	3,460,796	-	3,856,194	23,197,419	34.58 %	432,942	7,988,300	2,652,300
<1.00x	-	6,500,000	-	-	-	14,938	6,514,938	9.71 %	-	6,500,000	-
<b>Total</b>	<b>\$ 4,654,478</b>	<b>\$ 35,828,376</b>	<b>\$ 8,109,075</b>	<b>\$ 4,160,796</b>	<b>\$ 4,913,313</b>	<b>\$ 9,410,047</b>	<b>\$ 67,076,085</b>	<b>100.00 %</b>	<b>\$ 16,467,742</b>	<b>\$ 35,478,300</b>	<b>\$ 3,652,650</b>

The aggregate unpaid principal balance of commercial mortgage loans by credit quality indicator and origination year was as follows as of December 31, 2023:

Credit Quality Indicator LTV:	2023	2022	2021	2020	2019	Prior	Total	% of Total
Less than 65%	\$ 34,304,954	\$ 13,555,737	\$ 3,778,248	\$ -	\$ 2,964,740	\$ 6,565,389	\$ 61,169,068	82.46 %
65% to 80%	1,523,926	5,115,231	1,050,000	4,913,313	-	-	12,602,470	16.99 %
Greater than 80%	-	-	405,000	-	-	-	405,000	0.55 %
<b>Total</b>	<b>\$ 35,828,880</b>	<b>\$ 18,670,968</b>	<b>\$ 5,233,248</b>	<b>\$ 4,913,313</b>	<b>\$ 2,964,740</b>	<b>\$ 6,565,389</b>	<b>\$ 74,176,538</b>	<b>100.00 %</b>
DSCR								
>1.20x	\$ 20,990,000	\$ 1,000,000	\$ 700,000	\$ 4,913,313	\$ 2,964,740	\$ 2,612,625	\$ 33,180,678	44.73 %
1.00x - 1.20x	8,338,880	8,496,127	3,483,248	-	-	3,952,764	24,271,019	32.72 %
<1.00x	6,500,000	9,174,841(1)	1,050,000	-	-	-	16,724,841	22.55 %
<b>Total</b>	<b>\$ 35,828,880</b>	<b>\$ 18,670,968</b>	<b>\$ 5,233,248</b>	<b>\$ 4,913,313</b>	<b>\$ 2,964,740</b>	<b>\$ 6,565,389</b>	<b>\$ 74,176,538</b>	<b>100.00 %</b>
Credit Quality Indicator	2023	2022	2021	2020	2019	Prior	Total	% of Total
<b>LTV:</b>								
Less than 65%	\$ 34,304,954	\$ 13,555,737	\$ 3,778,248	\$ -	\$ 2,964,740	\$ 6,565,389	\$ 61,169,068	82.46 %
65% to 80%	1,523,926	5,115,231	1,050,000	4,913,313	-	-	12,602,470	16.99 %
Greater than 80%	-	-	405,000	-	-	-	405,000	0.55 %
<b>Total</b>	<b>\$ 35,828,880</b>	<b>\$ 18,670,968</b>	<b>\$ 5,233,248</b>	<b>\$ 4,913,313</b>	<b>\$ 2,964,740</b>	<b>\$ 6,565,389</b>	<b>\$ 74,176,538</b>	<b>100.00 %</b>

DSCR								
>1.20x	\$ 20,990,000	\$ 1,000,000	\$ 700,000	\$ 4,913,313	\$ 2,964,740	\$ 2,612,625	\$ 33,180,678	44.73 %
1.00x - 1.20x	8,338,880	8,496,127	3,483,248	-	-	3,952,764	24,271,019	32.72 %
<1.00x	6,500,000	9,174,841(1)	1,050,000	-	-	-	16,724,841	22.55 %
Total	<u>\$ 35,828,880</u>	<u>\$ 18,670,968</u>	<u>\$ 5,233,248</u>	<u>\$ 4,913,313</u>	<u>\$ 2,964,740</u>	<u>\$ 6,565,389</u>	<u>\$ 74,176,538</u>	<u>100.00 %</u>

(1) Commercial construction loan

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

**3) Investments (Continued)**

**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 **March 31, 2024** **June 30, 2024**:

Credit Quality Indicator	2024	2023	2022	2021	2020	Prior	Total	% of Total	2024	2023
<b>Performance Indicators:</b>										
<b>Performing</b>										
Non-performing (1)	\$ 3,547,990	\$ 16,709,844	\$ 52,632,220	\$ 7,046,188	\$ 7,709,605	\$ 14,421,963	\$ 102,067,810	95.60%	\$ 5,918,960	\$ 13,236,536
Total	<b>\$ 3,547,990</b>	<b>\$ 17,108,246</b>	<b>\$ 54,830,661</b>	<b>\$ 7,411,249</b>	<b>\$ 8,115,961</b>	<b>\$ 15,750,525</b>	<b>\$ 106,764,632</b>	<b>100.00%</b>	<b>\$ 5,918,960</b>	<b>\$ 16,116,697</b>

(1) Includes residential mortgage loans in the process of foreclosure of **\$1,694,997** **1,965,642**

LTV:											19.88%	\$ 1,196,344	\$ 3,388,129	\$ 6,121
	Less than 65%	65% to 80%	Greater than 80%	2024	2023	2022	2021	2020	2019	Prior				
Less than 65%	\$ 750,581	\$ 3,288,230	\$ 7,025,668	\$ 2,629,210	\$ 1,577,667	\$ 5,951,632	\$ 21,222,988				19.88%	\$ 1,196,344	\$ 3,388,129	\$ 6,121
65% to 80%	2,797,409	11,187,143	43,201,988	3,309,638	4,000,015	7,368,980	71,865,173				67.31%	4,722,616	10,345,277	40,441
Greater than 80%	-	2,632,873	4,603,005	1,472,401	2,538,279	2,429,913	13,676,471				12.81%	-	2,383,291	4,450
Total	<b>\$ 3,547,990</b>	<b>\$ 17,108,246</b>	<b>\$ 54,830,661</b>	<b>\$ 7,411,249</b>	<b>\$ 8,115,961</b>	<b>\$ 15,750,525</b>	<b>\$ 106,764,632</b>	<b>100.00%</b>				<b>\$ 5,918,960</b>	<b>\$ 16,116,697</b>	<b>\$ 51,121</b>

The aggregate unpaid principal balance of residential mortgage loans by credit quality indicator and origination year was as follows as of December 31, 2023:

Credit Quality Indicator	2023	2022	2021	2020	2019	Prior	Total	% of Total
<b>Performance Indicators:</b>								
Performing	\$ 15,337,828	\$ 53,875,389	\$ 7,156,934	\$ 7,453,796	\$ 2,786,562	\$ 12,040,357	\$ 98,650,866	95.63%
Non-performing (1)	-	2,202,114	365,061	613,101	-	1,322,445	4,502,721	4.37%
Total	<b>\$ 15,337,828</b>	<b>\$ 56,077,503</b>	<b>\$ 7,521,995</b>	<b>\$ 8,066,897</b>	<b>\$ 2,786,562</b>	<b>\$ 13,362,802</b>	<b>\$ 103,153,587</b>	<b>100.00%</b>

(1) Includes residential mortgage loans in the process of foreclosure of **\$1,021,790**

LTV:											18.97%	\$ 19,572,692	69.68%	
	Less than 65%	65% to 80%	Greater than 80%	2024	2023	2022	2021	2020	2019	Prior				
Less than 65%	\$ 3,280,144	\$ 7,049,522	\$ 1,843,286	\$ 1,746,970	\$ 446,675	\$ 5,206,095	\$ 19,572,692				18.97%			
65% to 80%	10,962,770	44,371,320	4,269,894	4,222,170	2,339,887	5,711,440	71,877,481				69.68%			
Greater than 80%	1,094,914	4,656,661	1,408,815	2,097,757	-	2,445,267	11,703,414				11.35%			
Total	<b>\$ 15,337,828</b>	<b>\$ 56,077,503</b>	<b>\$ 7,521,995</b>	<b>\$ 8,066,897</b>	<b>\$ 2,786,562</b>	<b>\$ 13,362,802</b>	<b>\$ 103,153,587</b>	<b>100.00%</b>						

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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**3) Investments (Continued)**

**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 **March 31, 2024** **June 30, 2024**:

Credit Quality Indicator	2024	2023	2022	2021	Total	% of Total	2024	2023	2022	2021
<b>Performance Indicators:</b>										
Performing	\$ 17,493,176	\$ 49,632,301	\$ 6,844,517	\$ 25,778,414	\$ 99,748,408	100.00 %	\$ 60,704,074	\$ 35,864,948	\$ 4,585,632	\$ 11,417,059
Non-performing	-	-	-	-	-	0.00 %	-	-	-	-
<b>Total</b>	<b>\$ 17,493,176</b>	<b>\$ 49,632,301</b>	<b>\$ 6,844,517</b>	<b>\$ 25,778,414</b>	<b>\$ 99,748,408</b>	<b>100.00 %</b>	<b>\$ 60,704,074</b>	<b>\$ 35,864,948</b>	<b>\$ 4,585,632</b>	<b>\$ 11,417,059</b>
<b>LTV:</b>										
Less than 65%	\$ 17,493,176	\$ 28,656,715	\$ 4,459,888	\$ 25,778,414	\$ 76,388,193	76.58 %	\$ 18,845,154	\$ 26,531,552	\$ 3,038,388	\$ 11,417,059
65% to 80%	-	20,975,586	2,384,629	-	23,360,215	23.42 %	41,858,920	9,333,396	1,547,244	-
Greater than 80%	-	-	-	-	-	0.00 %	-	-	-	-
<b>Total</b>	<b>\$ 17,493,176</b>	<b>\$ 49,632,301</b>	<b>\$ 6,844,517</b>	<b>\$ 25,778,414</b>	<b>\$ 99,748,408</b>	<b>100.00 %</b>	<b>\$ 60,704,074</b>	<b>\$ 35,864,948</b>	<b>\$ 4,585,632</b>	<b>\$ 11,417,059</b>

The aggregate unpaid principal balance of residential construction mortgage loans by credit quality indicator and origination year was as follows as of December 31, 2023:

Credit Quality Indicator	2023	2022	2021	Total	% of Total
<b>Performance Indicators:</b>					
Performing	\$ 60,311,679	\$ 16,624,182	\$ 27,116,887	\$ 104,052,748	100.00 %
Non-performing	-	-	-	-	0.00 %
<b>Total</b>	<b>\$ 60,311,679</b>	<b>\$ 16,624,182</b>	<b>\$ 27,116,887</b>	<b>\$ 104,052,748</b>	<b>100.00 %</b>
<b>LTV:</b>					
Less than 65%	\$ 40,215,360	\$ 8,732,500	\$ 20,442,302	\$ 69,390,162	66.69 %
65% to 80%	20,096,319	7,891,682	6,674,585	34,662,586	33.31 %
Greater than 80%	-	-	-	-	0.00 %
<b>Total</b>	<b>\$ 60,311,679</b>	<b>\$ 16,624,182</b>	<b>\$ 27,116,887</b>	<b>\$ 104,052,748</b>	<b>100.00 %</b>

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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3) Investments (Continued)  
 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 March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
30-59 days past due	\$ 10,589,598	\$ 10,829,629	\$ 10,983,745	\$ 10,829,629
60-89 days past due	4,534,618	3,709,754	4,082,558	3,709,754
Over 90 days past due	5,260,677	4,329,468	5,580,886	4,329,468
Total past due	20,384,893	18,868,851	20,647,189	18,868,851
Current	26,325,685	26,736,471	27,759,501	26,736,471
Total insurance assignments	46,710,578	45,605,322	48,406,690	45,605,322
Allowance for credit losses	(1,587,525)	(1,553,836)	(1,535,324)	(1,553,836)
Net insurance assignments	\$ 45,123,053	\$ 44,051,486	\$ 46,871,366	\$ 44,051,486

The Company records an allowance for credit losses when the insurance assignment is funded. Once an insurance assignment moves to 90 days or legal proceedings, it is monitored for write-off and collectability, and any adjustments to the allowance are recorded at that time. See Note 2 regarding the adoption of ASU 2016-13.

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

	Three Months Ended	Three Months Ended
Beginning balance - January 1, 2024	\$ 1,553,836	
Beginning balance - March 31, 2024		\$ 1,587,525
Change in provision for credit losses (1)	250,567	242,046
Charge-offs	(216,878)	(294,247)
Ending balance - March 31, 2024	\$ 1,587,525	
Ending balance - June 30, 2024		\$ 1,535,324
Beginning balance - January 1, 2023	\$ 1,609,951	
Beginning balance - March 31, 2023		\$ 1,685,901
Change in provision for credit losses (1)	233,113	219,213
Charge-offs	(157,163)	(214,421)
Ending balance - March 31, 2023	\$ 1,685,901	
Ending balance - June 30, 2023		\$ 1,690,693
	Six Months Ended	
Beginning balance - January 1, 2024	\$ 1,553,836	
Change in provision for credit losses (1)	492,613	
Charge-offs	(511,125)	
Ending balance - June 30, 2024	\$ 1,535,324	
Beginning balance - January 1, 2023	\$ 1,609,951	
Change in provision for credit losses (1)	452,326	
Charge-offs	(371,584)	
Ending balance - June 30, 2023	\$ 1,690,693	

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

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3) Investments (Continued)

3) Investments (Continued)

**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:

	2024		2023		2024		2023		Six Months Ended June 30,	
	Three Months Ended March 31,		Three Months Ended June 30,		2024		2023		2024	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Fixed maturity securities:</b>										
Gross realized gains	\$ 303	\$ 15,491	\$ 24,031	\$ 1,563	\$ 24,334	\$ 17,054				
Gross realized losses	(854)	(54,891)	(36,646)	(36,908)	(37,499)	(91,799)				
Net credit loss provision	(96,000)	(179,500)								
Net credit loss release (provision)			16,289	(44,505)	(79,711)	(224,005)				
<b>Equity securities:</b>										
Losses on securities sold	(61,103)	(52,315)								
Unrealized gains on securities held at the end of the period	1,542,863	331,430								
Gains (losses) on securities sold			43,733	5,363	(17,370)	(46,952)				
Unrealized gains (losses) on securities held at the end of the period			(424,455)	566,633	1,118,405	898,064				
<b>Real estate held for investment and sale:</b>										
Gross realized gains	249,960	-	38,890	161,028	288,852	161,028				
Gross realized losses	-	-	-	-	(39,081)	-				
Total	\$ 1,669,426	\$ 111,154	\$ (377,239)	\$ 816,584	\$ 1,292,187	\$ 927,738				
<b>Other assets:</b>										
Gross realized gains	35,486	50,939	(39,081)	163,410	35,486	214,348				
Gross realized losses	(1,229)	-	-	-	(1,229)	-				
Total	\$ 1,669,426	\$ 111,154	\$ (377,239)	\$ 816,584	\$ 1,292,187	\$ 927,738				

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 by the restricted assets and cemetery perpetual care trust investments of the cemeteries and mortuaries of \$582,172 in net gains and \$53,931 in net losses for the three month periods ended March 31, 2024 and June 30, 2024 and 2023, respectively, and of \$379,363 and \$251,510 in net gains for the six month periods ended June 30, 2024 and 2023, respectively.

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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**3) Investments (Continued)**

**3) Investments (Continued)**

Major categories of net investment income were as follows:

	2024		2023		2024		2023		Six Months Ended June 30,	
	Three Months Ended March 31,		Three Months Ended June 30,		2024		2023		2024	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Fixed maturity securities available for sale	\$ 4,403,558	\$ 4,012,732	\$ 4,345,704	\$ 4,143,768	\$ 8,749,262	\$ 8,156,500				
Equity securities	168,148	140,507	176,448	140,709	344,596	281,216				
Mortgage loans held for investment	8,814,036	8,487,656	7,021,559	9,467,407	15,835,595	17,955,063				
Real estate held for investment and sale	3,515,061	3,364,924	3,285,019	4,897,672	6,800,080	8,262,596				
Policy loans	301,267	200,213	189,131	207,441	490,398	407,655				
Insurance assignments	5,076,549	4,768,203	4,886,015	4,461,813	9,962,563	9,230,016				
Other investments	198,959	129,056	201,342	213,103	400,301	342,160				
Cash and cash equivalents	1,690,957	787,762	1,715,910	780,146	3,406,867	1,567,907				
Gross investment income	24,168,535	21,891,053	21,821,128	24,312,059	45,989,662	46,203,113				
Investment expenses	(4,221,967)	(4,116,170)	(3,776,320)	(4,140,085)	(7,998,286)	(8,256,256)				
Net investment income	\$ 19,946,568	\$ 17,774,883	\$ 18,044,808	\$ 20,171,974	\$ 37,991,376	\$ 37,946,857				

Net investment income includes income earned by the restricted assets of the cemeteries and mortuaries of \$933,551 470,808 and \$633,527 1,250,861 for the three month periods ended March 31, 2024 June 30, 2024 and 2023, respectively, and of \$1,404,359 and \$1,852,352 for the six month periods ended June 30, 2024 and 2023, 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 March 31, 2024		As of December 31, 2023		As of June 30, 2024	As of December 31, 2023
	\$	4,343,991	\$	3,984,695	\$ 4,125,306	\$ 3,984,695
Fixed maturity securities available for sale						
Equity securities		25,081		20,451	10,876	20,451
Mortgage loans held for investment		1,163,282		2,661,092	1,121,383	2,661,092
Real estate held for investment		3,411,928		3,486,115	3,507,053	3,486,115
Cash and cash equivalents		16,783		18,437	73,388	18,437
Total accrued investment income	\$	8,961,065	\$	10,170,790	\$ 8,838,006	\$ 10,170,790

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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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. Included in loans held for sale are loans in the process of foreclosure with an aggregate unpaid principal balance of \$311,117 and \$1,636,090 as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively. 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 March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
Aggregate fair value	\$ 112,678,958	\$ 126,549,190	\$ 150,196,416	\$ 126,549,190
Unpaid principal balance	113,616,499	127,185,867	149,936,883	127,185,867
Unrealized loss	(937,541)	(636,677)		
Unrealized gain (loss)			259,533	(636,677)

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 March 31,		2024		2023		2024		2023	
			2024	2023	2024	2023	2024	2023	2024	2023
			2024	2023	2024	2023	2024	2023	2024	2023
Loan fees	\$ 5,520,465	\$ 4,388,414	\$ 7,366,232	\$ 5,986,802	\$ 12,886,697	\$ 10,375,215				
Interest income	1,482,819	2,007,058	2,263,915	2,620,489	3,746,735	4,627,546				
Secondary gains	14,730,974	17,961,358	18,674,595	19,298,213	33,405,569	37,259,571				
Change in fair value of loan commitments	561,778	677,952	429,823	(151,382)	991,601	526,570				
Change in fair value of loans held for sale	(300,890)	794,614	1,197,075	(1,401,738)	896,185	(607,123)				
Provision for loan loss reserve	(163,476)	159,610	(312,124)	(273,631)	(475,601)	(114,020)				
Mortgage fee income	<b>\$ 21,831,670</b>	<b>\$ 25,989,006</b>	<b>\$ 29,619,516</b>	<b>\$ 26,078,753</b>	<b>\$ 51,451,186</b>	<b>\$ 52,067,759</b>				

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 March 31, 2024		As of December 31, 2023		As of June 30, 2024	As of December 31, 2023
			2024	2023	2024	2023
			2024	2023	2024	2023
Balance, beginning of period	\$ 547,233	\$ 1,725,667	\$ 547,233	\$ 1,725,667		
Provision on current loan originations (1)	163,476	27,164	475,601	27,164		
Charge-offs, net of recaptured amounts	(210,102)	(1,205,598)	(273,801)	(1,205,598)		
Balance, end of period	<b>\$ 500,607</b>	<b>\$ 547,233</b>	<b>\$ 749,033</b>	<b>\$ 547,233</b>		

(1) Included in mortgage fee income

The Company maintains reserves for estimated losses on current production volumes. For the **three** **six** month period ended **March 31, 2024** **June 30, 2024**, **\$ 163,476** **475,601** in reserves were added at a rate of **3.5** **4.4** basis points per loan, the equivalent of **\$ 350** **440** per \$1,000,000 in loans originated. This is a decrease over the **three** **six** month period ended **March 31, 2023** **June 30, 2023**, when reserves of **\$ 239,801** **513,431** were added at a rate of 4.5 basis points per loan originated, the equivalent of \$450 per \$1,000,000 in loans originated. The Company monitors market data and trends, economic conditions (including forecasts), and its own experience to maintain adequate loss reserves on current production.

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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 \$198,998 183,184 and \$142,929 142,696 has been recognized for these plans for the three month periods ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$382,182 and \$284,883 has been recognized for these plans for the six month periods ended June 30, 2024 and 2023, respectively, and is included in personnel expenses on the condensed consolidated statements of earnings. As of March 31, 2024 June 30, 2024, the total unrecognized compensation expense related to the options issued was \$512,854 329,670, 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.

Activity of the stock option plans during the **three** six month period ended **March 31, 2024** 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 (2)
Outstanding at January 1, 2024	833,570	\$ 5.22	1,520,062	\$ 5.86
Granted	16,500	-		
Exercised	-	-		
Cancelled	-	-		
<b>Outstanding at March 31, 2024</b>	<b>850,070</b>	<b>\$ 5.29</b>	<b>1,520,062</b>	<b>\$ 5.86</b>
<b>As of March 31, 2024:</b>				
Options exercisable	765,695	\$ 4.97	1,291,312	\$ 5.47
<b>As of March 31, 2024:</b>				
Available options for future grant	76,320		529,750	
Weighted average contractual term of options outstanding at March 31, 2024		5.00 years		6.25 years
Weighted average contractual term of options exercisable at March 31, 2024		4.57 years		5.83 years
Aggregated intrinsic value of options outstanding at March 31, 2024 (1)	<u>\$ 2,230,953</u>		<u>\$ 3,108,691</u>	
Aggregated intrinsic value of options exercisable at March 31, 2024 (1)	<u>\$ 2,246,543</u>		<u>\$ 3,146,491</u>	

	Number of Class A Shares	Weighted Average Exercise Price (2)	Number of Class C Shares	Weighted Average Exercise Price (2)
Outstanding at January 1, 2024	833,570	\$ 4.91	1,520,062	\$ 5.57
Adjustment for the effect of stock dividends	38,724	-	76,005	
Granted	16,500	-		
Exercised	(45,671)	-		
Cancelled	(16,538)	-		
<b>Outstanding at June 30, 2024</b>	<b>826,585</b>	<b>\$ 5.09</b>	<b>1,596,067</b>	<b>\$ 5.57</b>
<b>As of June 30, 2024:</b>				
Options exercisable	768,960	\$ 4.89	1,443,567	\$ 5.35
<b>As of June 30, 2024:</b>				
Available options for future grant	38,564		556,238	
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)	<u>\$ 2,083,992</u>		<u>\$ 3,255,564</u>	
Aggregated intrinsic value of options exercisable at June 30, 2024 (1)	<u>\$ 2,089,110</u>		<u>\$ 3,264,864</u>	

(1) The Company used a stock price of \$7.91<sup>7.61</sup> as of **March 31, 2024** June 30, 2024 to derive intrinsic value.

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

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**5) Stock Compensation Plans**

**5) Stock Compensation Plans (Continued)**

Activity of the stock option plans during the **three** **six** month period ended **March 31, 2023** **June 30, 2023**, 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 January 1, 2023	976,605	\$ 4.78	1,157,203	\$ 5.59
Granted	16,000		-	
Exercised	(90,705)		-	
Cancelled	-		-	
<b>Outstanding at March 31, 2023</b>	<b>901,900</b>	<b>\$ 4.92</b>	<b>1,157,203</b>	<b>\$ 5.59</b>
<b>As of March 31, 2023:</b>				
Options exercisable	827,025	\$ 4.76	935,953	\$ 5.36
<b>As of March 31, 2023:</b>				
Available options for future grant	155,133		795,000	
Weighted average contractual term of options outstanding at March 31, 2023		4.60 years		6.66 years
Weighted average contractual term of options exercisable at March 31, 2023		4.14 years		6.20 years
Aggregated intrinsic value of options outstanding at March 31, 2023 (1)	\$ 1,182,602		\$ 741,380	
Aggregated intrinsic value of options exercisable at March 31, 2023 (1)	\$ 1,214,210		\$ 812,293	
	Number of Class A Shares	Weighted Average Exercise Price (2)	Number of Class C Shares	Weighted Average Exercise Price
Outstanding at January 1, 2023	976,605	\$ 4.56	1,157,203	\$ 5.31
Adjustment for the effect of stock dividends	38,266		57,859	
Granted	16,000		-	
Exercised	(214,989)		-	
Cancelled	-		-	
<b>Outstanding at June 30, 2023</b>	<b>815,882</b>	<b>\$ 4.75</b>	<b>1,215,062</b>	<b>\$ 5.31</b>
<b>As of June 30, 2023:</b>				
Options exercisable	764,632	\$ 4.64	1,067,562	\$ 5.18
<b>As of June 30, 2023:</b>				
Available options for future grant	171,386		834,750	
Weighted average contractual term of options outstanding at June 30, 2023		4.87 years		6.41 years
Weighted average contractual term of options exercisable at June 30, 2023		4.56 years		6.14 years
Aggregated intrinsic value of options outstanding at June 30, 2023 (1)	\$ 3,018,675		\$ 3,815,225	
Aggregated intrinsic value of options exercisable at June 30, 2023 (1)	\$ 2,910,455		\$ 3,487,200	

(1) The Company used a stock price of **\$6.23** **8.45** as of **March 31, 2023** **June 30, 2023** 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 **three** **six** month periods ended **March 31, 2024** **June 30, 2024** and 2023 was **\$nil** **142,210** and **\$176,935 387,561**, respectively.

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5) **Stock Compensation Plans (Continued)**

5) **Stock Compensation Plans (Continued)**

**Restricted Stock Units (“RSUs”)**

Stock based compensation expense for RSUs issued of \$889,882 and nil has been recognized under these plans for the three month periods ended June 30, 2024 and 2023, respectively, and of \$1,771 and \$742 has been recognized under these plans for each of the three six month periods ended March 31, 2024 June 30, 2024 and 2023, respectively, 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 March 31, 2024 June 30, 2024, the total unrecognized compensation expense related to the RSUs issued was \$2,375,1493, which is expected to be recognized over the remaining vesting period.

Activity of the RSUs during the three six month period ended March 31, 2024 June 30, 2024 is summarized as follows:

	Number of Class A Shares	Weighted Average Grant Date Fair Value	Number of Class A Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2024	2,245	\$ 7.72	2,245	\$ 7.72
Granted	-		-	
Vested	(405)		(865)	
<b>Non-vested at March 31, 2024</b>	<b>1,840</b>	<b>\$ 7.99</b>		
<b>Non-vested at June 30, 2024</b>			<b>1,380</b>	<b>\$ 7.99</b>
<b>Available RSUs for future grant</b>	<b>16,540</b>			<b>16,540</b>

Activity of the RSUs during the three six month period ended March 31, 2023 June 30, 2023 is summarized as follows:

	Number of Class A Shares	Weighted Average Grant Date Fair Value	Number of Class A Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2023	1,620	\$ 6.48	1,620	\$ 6.48
Granted	-		-	
Vested	-		(405)	
<b>Non-vested at March 31, 2023</b>	<b>1,620</b>	<b>\$ 6.48</b>	<b>1,215</b>	<b>\$ 6.48</b>
<b>Available RSUs for future grant</b>	<b>18,380</b>			<b>18,380</b>

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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:

	2024		2023		2024		2023		2024		2023	
	Three Months Ended		Three Months Ended		Six Months Ended		Six Months Ended					
	March 31,		June 30,		June 30,		June 30,					
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Numerator:</b>												
Net earnings	\$ 7,474,522	\$ 1,240,172	\$ 7,271,549	\$ 6,352,706	\$ 14,746,071	\$ 7,592,878						
<b>Denominator:</b>												
Basic weighted-average shares outstanding	22,219,490	22,129,713	23,297,455	23,110,818	23,313,768	23,172,477						
Effect of dilutive securities:												
Employee stock options	726,352	558,060	576,503	591,466	663,136	578,442						
Diluted weighted-average shares outstanding	22,945,842	22,687,773	23,873,958	23,702,284	23,976,904	23,750,919						
Basic net earnings per share	\$ 0.34	\$ 0.06	\$ 0.31	\$ 0.27	\$ 0.63	\$ 0.33						
Diluted net earnings per share	\$ 0.33	\$ 0.05	\$ 0.30	\$ 0.27	\$ 0.62	\$ 0.32						

For the three six month periods ended March 31, 2024 June 30, 2024 and 2023, there were 467,125 143,456 and 730,270 55,125 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		Class A		Class C	
	Outstanding shares at December 31, 2022	18,758,031	Outstanding shares at June 30, 2023	2,889,859	Outstanding shares at December 31, 2023	18,758,031	Outstanding shares at June 30, 2024	2,889,859
Stock dividends		48,046		-				
Exercise of stock options							127,688	-
Vesting of restricted stock units							405	-
Stock dividends							949,675	141,594
Conversion of Class C to Class A		936		(936)			57,901	(57,901)
Outstanding shares at March 31, 2023		18,807,013		2,888,923				
Outstanding shares at June 30, 2023							19,893,700	2,973,552
Outstanding shares at December 31, 2023		20,048,002		2,971,854			20,048,002	2,971,854
Common stock, outstanding shares, beginning		20,048,002		2,971,854			20,048,002	2,971,854
Exercise of stock options		-		-			32,082	-
Vesting of restricted stock units		405		-			865	-
Stock dividends							1,004,721	148,578
Conversion of Class C to Class A		174		(174)			266	(266)
Outstanding shares at March 31, 2024		20,048,581		2,971,680				
Outstanding shares at June 30, 2024							21,085,936	3,120,166
Common stock, outstanding shares, ending		20,048,581		2,971,680			21,085,936	3,120,166

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7) Business Segment Information

Description of Products and Services by Segment

The Company has three reportable business segments: life insurance, cemetery and mortuary, and mortgage. The Company's life insurance segment consists of life insurance premiums and operating expenses from the sale of insurance products sold by the Company's independent agency force and net investment income derived from investing ~~policyholder~~ policyholders and segment surplus funds. The Company's cemetery and mortuary segment consists of revenues and operating expenses from the sale of at-need cemetery and mortuary merchandise and 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 segment surplus funds. The Company's mortgage segment consists of fee income and expenses from the ~~origination~~ origination of residential mortgage loans and interest earned and interest expenses from warehousing loans held for sale.

Measurement of Segment Profit or Loss and Segment Assets

The accounting policies of the reportable segments are the same as those described in the Significant Accounting Principles of the Form 10-K for the year ended December 31, 2023. Intersegment revenues are recorded at cost plus an agreed upon intercompany profit, and are eliminated upon consolidation.

Factors Management Used to Identify the Enterprise's Reportable Segments

The Company's 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. The Company regularly reviews the quantitative thresholds and other criteria to determine when other business segments may need to be reported.

	Life Insurance	Cemetery/ Mortuary	Mortgage	Intercompany Eliminations	Consolidated
<b>For the Three Months Ended</b>					
<b>March 31, 2024</b>					
Revenues from external customers	\$ 49,970,635	\$ 8,787,578	\$ 22,429,985	\$ -	\$ 81,188,198
Intersegment revenues	1,379,575	84,768	146,606	(1,610,949)	-
Segment profit (loss) before income taxes	8,529,509	3,053,421	(1,963,619)	-	9,619,311
Identifiable Assets	\$ 1,341,500,414	\$ 99,346,510	\$ 94,563,032	\$ (94,161,443)	\$ 1,441,248,513
Goodwill	2,765,570	2,488,213	-	-	5,253,783
<b>Total Assets</b>	<b>\$ 1,344,265,984</b>	<b>\$ 101,834,723</b>	<b>\$ 94,563,032</b>	<b>\$ (94,161,443)</b>	<b>\$ 1,446,502,296</b>
<b>For the Three Months Ended</b>					
<b>March 31, 2023</b>					
Revenues from external customers	\$ 45,415,297	\$ 7,198,396	\$ 26,887,041	\$ -	\$ 79,500,734
Intersegment revenues	1,510,028	83,836	123,699	(1,717,563)	-
Segment profit (loss) before income taxes	3,683,735	1,784,592	(3,883,439)	-	1,584,888
Identifiable Assets	\$ 1,308,954,075	\$ 87,354,333	\$ 152,745,312	\$ (111,225,073)	\$ 1,437,828,647
Goodwill	2,765,570	2,488,213	-	-	5,253,783
<b>Total Assets</b>	<b>\$ 1,311,719,645</b>	<b>\$ 89,842,546</b>	<b>\$ 152,745,312</b>	<b>\$ (111,225,073)</b>	<b>\$ 1,443,082,430</b>

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**7) Business Segment Information (Continued)**

	<u>Life Insurance</u>	<u>Cemetery/ Mortuary</u>	<u>Mortgage</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
<b>For the Three Months Ended</b>					
<b><u>June 30, 2024</u></b>					
Revenues from external customers	\$ 47,237,315	\$ 8,277,868	\$ 30,276,153	\$ -	\$ 85,791,336
Intersegment revenues	1,905,973	84,767	144,989	(2,135,729)	-
Segment profit (loss) before income taxes	7,164,715	2,090,520	134,358	-	9,389,593
<b>For the Six Months Ended</b>					
<b><u>June 30, 2024</u></b>					
Revenues from external customers	\$ 97,207,950	\$ 17,065,446	\$ 52,706,138		\$ 166,979,534
Intersegment revenues	3,285,548	169,535	291,595	(3,746,678)	-
Segment profit (loss) before income taxes	15,694,224	5,143,941	(1,829,261)		19,008,904
Identifiable Assets	\$ 1,356,015,599	\$ 102,122,157	\$ 96,262,785	\$ (98,929,803)	\$ 1,455,470,738
Goodwill	2,765,570	2,488,213	-	-	5,253,783
<b>Total Assets</b>	<b>\$ 1,358,781,169</b>	<b>\$ 104,610,370</b>	<b>\$ 96,262,785</b>	<b>\$ (98,929,803)</b>	<b>\$ 1,460,724,521</b>
<b>For the Three Months Ended</b>					
<b><u>June 30, 2023</u></b>					
Revenues from external customers	\$ 48,071,089	\$ 8,812,508	\$ 26,962,562	\$ -	\$ 83,846,159
Intersegment revenues	2,517,490	84,767	135,807	(2,738,064)	-
Segment profit (loss) before income taxes	9,158,186	2,828,159	(3,837,012)	-	8,149,333
<b>For the Six Months Ended</b>					
<b><u>June 30, 2023</u></b>					
Revenues from external customers	\$ 93,486,386	\$ 16,010,904	\$ 53,849,603		\$ 163,346,893
Intersegment revenues	4,027,518	168,603	259,506	(4,455,627)	-
Segment profit (loss) before income taxes	12,841,921	4,612,751	(7,720,451)		9,734,221
Identifiable Assets	\$ 1,284,084,674	\$ 89,589,716	\$ 114,402,197	\$ (89,723,622)	\$ 1,398,352,965
Goodwill	2,765,570	2,488,213	-	-	5,253,783
<b>Total Assets</b>	<b>\$ 1,286,850,244</b>	<b>\$ 92,077,929</b>	<b>\$ 114,402,197</b>	<b>\$ (89,723,622)</b>	<b>\$ 1,403,606,748</b>

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**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.

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (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:** The Company believes that in an orderly market, fair value will approximate the replacement cost of a home and the rental income provides a cash flow stream for investment analysis. The Company believes the highest and best use of the properties are as income producing assets since it is the Company's intent to hold the properties as rental properties, matching the income from the investment in rental properties with the funds required for future estimated policy claims.

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 conditions 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.

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**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 **March 31, 2024** **June 30, 2024**:

	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Observable Inputs (Level 2)			Significant Unobservable Inputs (Level 3)			Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Observable Inputs (Level 2)			Significant Unobservable Inputs (Level 3)		
	Total																	
Assets accounted for at fair value on a recurring basis																		
Fixed maturity securities available for sale	\$ 375,833,407	\$ -	\$ 374,601,220	\$ 1,232,187	\$ 349,358,027	\$ -	\$ 348,120,558	\$ 1,237,469										
Equity securities	15,161,999	15,161,999	-	-	15,019,179	15,019,179	-	-										
Loans held for sale	112,678,958	-	-	112,678,958	150,196,416	-	-	-									150,196,416	
Restricted assets (1)	1,804,614	-	1,804,614	-	1,560,266	-	1,560,266	-										
Restricted assets (2)	8,278,612	8,278,612	-	-	8,546,971	8,546,971	-	-										
Cemetery perpetual care trust investments (1)	640,779	-	640,779	-	603,199	-	603,199	-										
Cemetery perpetual care trust investments (2)	4,576,289	4,576,289	-	-	4,594,630	4,594,630	-	-										
Derivatives - loan commitments (3)	5,454,295	-	-	5,454,295	5,623,512	-	-	-									5,623,512	
Total assets accounted for at fair value on a recurring basis	\$ 524,428,953	\$ 28,016,900	\$ 377,046,613	\$ 119,365,440	\$ 535,502,200	\$ 28,160,780	\$ 350,284,023	\$ 157,057,397										
Liabilities accounted for at fair value on a recurring basis																		
Derivatives - loan commitments (4)	(3,309,255)	-	-	(3,309,255)	(3,048,649)	-	-	-									(3,048,649)	
Total liabilities accounted for at fair value on a recurring basis	\$ (3,309,255)	\$ -	\$ -	\$ (3,309,255)	\$ (3,048,649)	\$ -	\$ -	\$ -									\$ (3,048,649)	

(1) Fixed maturity securities available for sale

(2) Equity securities

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

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

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

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**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, 2023:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets accounted for at fair value on a recurring basis				
Fixed maturity securities available for sale	\$ 381,535,986	\$ -	\$ 380,297,330	\$ 1,238,656
Equity securities	13,636,071	13,636,071	-	-
Loans held for sale	126,549,190	-	-	126,549,190
Restricted assets (1)	1,853,860	-	1,853,860	-
Restricted assets (2)	7,385,203	7,385,203	-	-
Cemetery perpetual care trust investments (1)	641,704	-	641,704	-
Cemetery perpetual care trust investments (2)	4,327,301	4,327,301	-	-
Derivatives - loan commitments (3)	4,995,486	-	-	4,995,486
Total assets accounted for at fair value on a recurring basis	<u>\$ 540,924,801</u>	<u>\$ 25,348,575</u>	<u>\$ 382,792,894</u>	<u>\$ 132,783,332</u>
Liabilities accounted for at fair value on a recurring basis				
Derivatives - loan commitments (4)	<u>\$ (3,412,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,412,224)</u>
Total liabilities accounted for at fair value on a recurring basis	<u>\$ (3,412,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,412,224)</u>

(1) Fixed maturity securities available for sale

(2) Equity securities

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

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

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**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**  
**June 30, 2024 (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, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets accounted for at fair value on a recurring basis</b>						
Fixed maturity securities available for sale	\$ 381,535,986	\$ -	\$ 380,297,330	\$ 1,238,656		
Equity securities	13,636,071	13,636,071	-	-		-
Loans held for sale	126,549,190	-	-	-	126,549,190	
Restricted assets (1)	1,853,860	-	1,853,860	-		-
Restricted assets (2)	7,385,203	7,385,203	-	-		-
Cemetery perpetual care trust investments (1)	641,704	-	641,704	-		-
Cemetery perpetual care trust investments (2)	4,327,301	4,327,301	-	-		-
Derivatives - loan commitments (3)	4,995,486	-	-	-	4,995,486	
Total assets accounted for at fair value on a recurring basis	<u>\$ 540,924,801</u>	<u>\$ 25,348,575</u>	<u>\$ 382,792,894</u>	<u>\$ 132,783,332</u>		
<b>Liabilities accounted for at fair value on a recurring basis</b>						
Derivatives - loan commitments (4)	\$ (3,412,224)	\$ -	\$ -	\$ -	\$ (3,412,224)	
Total liabilities accounted for at fair value on a recurring basis	<u>\$ (3,412,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,412,224)</u>	

(1) Fixed maturity securities available for sale

(2) Equity securities

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

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

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**  
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**8) Fair Value of Financial Instruments (Continued)**

For Level 3 assets and liabilities measured at fair value on a recurring basis as of **March 31, 2024** **June 30, 2024**, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value at March 31, 2024	Valuation Technique	Significant	Range of Inputs			Weighted Average
			Unobservable Input(s)	Minimum Value	Maximum Value		
Loans held for sale	\$ 112,678,958	Market approach	Investor contract pricing as a percentage of unpaid principal balance	70.0%	108.0%		99.0%
Derivatives - loan commitments (net)	2,145,040	Market approach	Pull-through rate Initial-Value Servicing	65.0% N/A 0 bps	100.0% N/A 133 bps		85.0% N/A 38 bps
Fixed maturity securities available for sale	1,232,187	Broker quotes	Pricing quotes	\$ 98.40	\$ 102.46	\$	99.86
	Fair Value at June 30, 2024	Valuation Technique	Significant	Range of Inputs			Weighted Average
			Unobservable Input(s)	Minimum Value	Maximum Value		
Loans held for sale	\$ 150,196,416	Market approach	Investor contract pricing as a percentage of unpaid principal balance	72.0%	108.0%		100.0%
Derivatives - loan commitments (net)	2,574,863	Market approach	Pull-through rate Initial-Value Servicing	65.0% N/A 0 bps	100.0% N/A 135 bps		85.0% N/A 44 bps
Fixed maturity securities available for sale	1,237,469	Broker quotes	Pricing quotes	\$ 99.74	\$ 100.00	\$	99.51

For Level 3 assets and liabilities measured at fair value on a recurring basis as of December 31, 2023, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value at December 31, 2023	Valuation Technique	Significant	Range of Inputs			Weighted Average
			Unobservable Input(s)	Minimum Value	Maximum Value		
Loans held for sale	\$ 126,549,190	Market approach	Investor contract pricing as a percentage of unpaid principal balance	70.0%	121.0%		100.0%
Derivatives - loan commitments (net)	1,583,262	Market approach	Pull-through rate Initial-Value Servicing	70.0% N/A 0 bps	99.0% N/A 119 bps		86.0% N/A 49 bps
Fixed maturity securities available for sale	1,238,656	Broker quotes	Pricing quotes	\$ 98.40	\$ 102.46	\$	99.86

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March 31, June 30, 2024 (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 **March 31, 2024** 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>
Balance - December 31, 2023	\$ 1,583,262	\$ 126,549,190	\$ 1,238,656
Originations and purchases	-	465,605,114	-
Sales, maturities and paydowns	-	(486,050,938)	-
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	561,778(1)	9,302,121(1)	-(2)
Included in other comprehensive income	-	-	(6,469)
Balance - March 31, 2024	<u>\$ 2,145,040</u>	<u>\$ 112,678,958</u>	<u>\$ 1,232,187</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 **March 31, 2023** June 30, 2023:

	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - December 31, 2022	\$ 2,706,877	\$ 141,179,620	\$ 1,435,519			
Balance - March 31, 2023				\$ 3,384,829	\$ 173,015,404	\$ 1,435,519
Originations and purchases	-	531,867,796	-		607,867,445	-
Sales, maturities and paydowns	-	(511,909,942)	-		(628,567,681)	-
Transfer to mortgage loans held for investment					(1,150,074)	
Total gains (losses):						
Included in earnings	677,952(1)	11,877,930(1)	-(2)	(151,382) (1)	10,144,966(1)	-(2)
Included in other comprehensive income	-	-	-			(3,645)
Balance - March 31, 2023	<u>\$ 3,384,829</u>	<u>\$ 173,015,404</u>	<u>\$ 1,435,519</u>			
Balance - June 30, 2023				<u>\$ 3,233,447</u>	<u>\$ 161,310,060</u>	<u>\$ 1,431,874</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

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June 30, 2024 (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, 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)	-
Loans held for sale 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	\$ 2,574,863	\$ 150,196,416	\$ 1,237,469

(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, 2023:

	Net Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - December 31, 2022	\$ 2,706,877	\$ 141,179,620	\$ 1,435,519
Originations and purchases	-	1,139,735,241	-
Sales, maturities and paydowns	-	(1,140,477,623)	-
Transfer to mortgage loans held for investment	-	(1,150,074)	-
Total gains (losses):			
Included in earnings	526,570(1)	22,022,896(1)	-(2)
Included in other comprehensive income	-	-	(3,645)
Balance - June 30, 2023	\$ 3,233,447	\$ 161,310,060	\$ 1,431,874

(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 Company did not have any financial assets and financial liabilities measured at fair value on a nonrecurring basis as of **March 31, 2024** **June 30, 2024** and as of December 31, 2023.

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8) Fair Value of Financial Instruments (Continued)

**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 **March 31, 2024**, **June 30, 2024** and December 31, 2023.

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 **March 31, 2024**, **June 30, 2024**:

	Carrying Value	Level 1		Level 2		Level 3	Total Estimated Fair Value	Carrying Value	Level 1		Level 2		Level 3	Total Estimated Fair Value
<b>Assets</b>														
Mortgage loans held for investment														
Residential	\$ 103,574,492	\$ -	\$ -	\$ 100,743,889	\$ 100,743,889			\$ 100,537,622	\$ -	\$ -	\$ 99,598,873	\$ 99,598,873		
Residential construction	99,150,788	-	-	99,150,788	99,150,788			111,709,170	-	-	111,709,170	111,709,170		
Commercial	65,911,504	-	-	65,471,144	65,471,144			72,096,739	-	-	71,457,137	71,457,137		
Mortgage loans held for investment, net	\$ 268,636,784	\$ -	\$ -	\$ 265,365,821	\$ 265,365,821			\$ 284,343,531	\$ -	\$ -	\$ 282,765,180	\$ 282,765,180		
Policy loans	13,248,999	-	-	13,248,999	13,248,999			13,472,198	-	-	13,472,198	13,472,198		
Insurance assignments, net (1)	45,123,053	-	-	45,123,053	45,123,053			46,871,366	-	-	46,871,366	46,871,366		
Restricted assets (2)	183,574	-	-	183,574	183,574			637,783	-	-	637,783	637,783		
Cemetery perpetual care trust investments (2)	123,353	-	-	123,353	123,353			2,030,930	-	-	2,030,930	2,030,930		
Mortgage servicing rights, net	3,318,155	-	-	4,767,315	4,767,315			3,172,109	-	-	4,667,158	4,667,158		
<b>Liabilities</b>														
Bank and other loans payable	\$ (104,335,116)	\$ -	\$ -	\$ (85,370,689)	\$ (85,370,689)			\$ (103,540,666)	\$ -	\$ -	\$ (84,778,875)	\$ (84,778,875)		
Policyholder account balances (3)	(38,923,981)	-	-	(46,252,703)	(46,252,703)			(38,842,923)	-	-	(40,844,813)	(40,844,813)		
Future policy benefits - annuities (3)	(106,089,620)	-	-	(100,231,984)	(100,231,984)			(106,166,278)	-	-	(104,501,993)	(104,501,993)		

(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

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**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, 2023:

	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
<b>Assets</b>					
Mortgage loans held for investment					
Residential	\$ 99,519,750	\$ -	\$ -	\$ 96,998,106	\$ 96,998,106
Residential construction	103,529,896	-	-	103,529,896	103,529,896
Commercial	72,567,191	-	-	72,149,530	72,149,530
Mortgage loans held for investment, net	\$ 275,616,837	\$ -	\$ -	\$ 272,677,532	\$ 272,677,532
Policy loans	13,264,183	-	-	13,264,183	13,264,183
Insurance assignments, net (1)	44,051,486	-	-	44,051,486	44,051,486
Restricted assets (2)	675,219	-	-	675,219	675,219
Cemetery perpetual care trust investments (2)	246,865	-	-	246,865	246,865
Mortgage servicing rights, net	3,461,146	-	-	4,543,657	4,543,657
<b>Liabilities</b>					
Bank and other loans payable	\$ (105,555,137)	\$ -	\$ -	\$ (105,555,137)	\$ (105,555,137)
Policyholder account balances (3)	(39,245,123)	-	-	(48,920,691)	(48,920,691)
Future policy benefits - annuities (3)	(106,285,010)	-	-	(102,177,585)	(102,177,585)

(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 are primarily short in maturity. 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.

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

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**8) Fair Value of Financial Instruments (Continued)**

***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.

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### 9) Derivative Instruments (Continued)

## 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:

	March 31, 2024			December 31, 2023			June 30, 2024					
	Balance Sheet Location	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value	Balance Sheet Location	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount
Derivatives not designated as hedging instruments:												
Loan commitments	Other assets and Other liabilities	\$ 229,458,247	\$ 5,454,295	\$ 3,309,255	\$ 161,832,250	\$ 4,995,486	\$ 3,412,224	Other assets and Other liabilities	\$ 229,458,247	\$ 5,623,512	\$ 3,048,649	\$ 161,832,2
Total		\$ 229,458,247	\$ 5,454,295	\$ 3,309,255	\$ 161,832,250	\$ 4,995,486	\$ 3,412,224		\$ 229,458,247	\$ 5,623,512	\$ 3,048,649	\$ 161,832,2

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 (Loss) Three Months Ended June 30,		Net Amount Gain (Loss) Six Months Ended June 30,	
		2024	2023	2024	2023
Loan commitments	Mortgage fee income	\$ 429,823	\$ (151,382)	\$ 991,601	\$ 526,570

Derivative	Classification	Net Amount Gain Three Months Ended March 31,	
		2024	2023
Loan commitments	Mortgage fee income	\$ 561,778	\$ 677,952

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**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 various 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 Company ("SecurityNational Mortgage"), has a line of credit with Texas Capital Bank N.A. This agreement allows SecurityNational Mortgage to borrow up to \$100,000,000 for the sole purpose of funding mortgage loans (the "Texas Capital Bank Warehouse Line of Credit"). The agreement charges interest at the 1-Month SOFR rate plus 2.0% and matures on November 30, 2024. The Company is required to comply with covenants for adjusted tangible net worth, unrestricted cash balance, and minimum combined pre-tax income (excluding any changes in the fair value of mortgage servicing rights) of at least \$1.00 on a rolling four-quarter basis.

The Company through its subsidiary SecurityNational Mortgage, has a line of credit with U.S. Bank. This agreement allows SecurityNational Mortgage to borrow up to \$15,000,000 for the sole purpose of funding mortgage loans (the "U.S. Bank Warehouse Line of Credit" and, together with the Texas Capital Bank Warehouse Line of Credit, the "Warehouse Lines of Credit"). The agreement charges interest at 2.10% plus the greater of (i) 0%, and (ii) the one-month forward-looking term rate based on SOFR and matures on **May 26, 2024** **June 20, 2025**. The Company is required to comply with covenants for adjusted tangible net worth, unrestricted cash balance, and minimum combined pre-tax income (excluding any changes in the fair value of mortgage servicing rights) of at least \$1.00 on a rolling twelve months.

The Company, through its subsidiary SecurityNational Mortgage, has a line of credit with Western Alliance Bank. This agreement allows SecurityNational Mortgage to borrow up to \$35,000,000 for the sole purpose of funding mortgage loans (the "Western Alliance Bank Warehouse Line of Credit"). The agreement charges interest at the 1-Month SOFR rate plus 2.0% and matures on June 20, 2025. The Company is required to comply with covenants for adjusted tangible net worth, unrestricted cash balance, and minimum combined pre-tax income of at least \$1.00 on a quarterly basis.

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June 30, 2024 (Unaudited)

**10) Reinsurance, Commitments and Contingencies (Continued)**

The agreements for the warehouse lines of credit include cross default provisions where certain events of default under other of SecurityNational Mortgage's obligations constitute events of default under the warehouse lines of credit. As of **March 31, 2024** **June 30, 2024**, the Company was not in compliance with the net income covenant of the warehouse lines of credit and its operating cash flow covenant for its standby letter of credit with its primary bank. SecurityNational Mortgage has received or is in the process of receiving waivers under the warehouse lines of credit from the warehouse banks. In the unlikely event the Company is required to repay the outstanding advances of approximately **\$6,963,000** **6,617,000** on the warehouse line of credit that has not provided a covenant waiver, the Company has sufficient cash and borrowing capacity on the warehouse lines of credit that have provided covenant waivers to fund its origination activities. The Company has performed an internal analysis of its funding capacities of both internal and external sources and has determined that there are sufficient funds to continue its business model. The Company continues to negotiate other warehouse lines of credit with other lenders.

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**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

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March 31, 2024 (Unaudited)

**10) Reinsurance, Commitments and Contingencies (Continued)****Debt Covenants for Revolving Lines of Credit and Bank Loans**

The Company has debt covenants on its revolving lines of credit and is required to comply with minimum operating cash flow ratios and minimum net worth for each of its business segments. The Company also has debt covenants for one of its loans on real estate for a minimum consolidated operating cash flow ratio, minimum liquidity, and consolidated net worth. In addition to these financial debt covenants, the **company** **Company** is required to provide segment specific financial statements and building specific financial statements on all bank loans. As of **March 31, 2024** **June 30, 2024**, the Company was in compliance with all these debt covenants.

**Other Contingencies and Commitments**

The Company has commitments to fund existing construction and land development loans pursuant to the various loan agreements. As of **March 31, 2024** **June 30, 2024**, the Company's commitments were approximately **\$146,572,000** **169,193,000** for these loans, of which **\$100,056,000** **113,325,774** had been funded. 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 80% 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 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 members. 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 other 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 the Company'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.

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**11) Mortgage Servicing Rights**

The Company initially records its MSRs 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 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 March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
<b>Amortized cost:</b>				
Balance before valuation allowance at beginning of year	\$ 3,461,146	\$ 3,039,765	<b>\$ 3,461,146</b>	\$ 3,039,765
MSR additions resulting from loan sales (1)	9,079	1,009,312		
Amortization (2)	(152,070)	(587,931)		
MSR additions resulting from loan sales (1)			30,606	1,009,312
Amortization (2)			(319,643)	(587,931)
Sale of MSRs	-	-	-	-
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-	-	-
Balance before valuation allowance at end of period	<b>\$ 3,318,155</b>	<b>\$ 3,461,146</b>	<b>\$ 3,172,109</b>	<b>\$ 3,461,146</b>
<b>Valuation allowance for impairment of MSRs:</b>				
Balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Additions	-	-	-	-
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-	-	-
Balance at end of period	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Mortgage servicing rights, net	<b>\$ 3,318,155</b>	<b>\$ 3,461,146</b>	<b>\$ 3,172,109</b>	<b>\$ 3,461,146</b>
Estimated fair value of MSRs at end of period	<b>\$ 4,767,315</b>	<b>\$ 4,543,657</b>	<b>\$ 4,667,158</b>	<b>\$ 4,543,657</b>

(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

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**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 **March 31, 2024** **June 30, 2024** 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		Estimated MSR Amortization
	2024	2025	
2024			653,250
2025			520,903
2026			423,297
2027			338,297
2028			271,136
Thereafter			1,111,272
<b>Total</b>	<b>\$ 279,870</b>	<b>\$ 459,713</b>	<b>\$ 3,318,155</b>
			<b>\$ 3,172,109</b>

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.

	2024		2023		2024		2023		2024		2023	
	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,		2024		2023	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Contractual servicing fees	\$ 256,662	\$ 410,400	\$ 241,944	\$ 233,218	\$ 498,606	\$ 643,618						
Late fees	23,208	49,313	53,004	14,008	76,212	63,321						
<b>Total</b>	<b>\$ 279,870</b>	<b>\$ 459,713</b>	<b>\$ 294,948</b>	<b>\$ 247,226</b>	<b>\$ 574,818</b>	<b>\$ 706,939</b>						

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

	As of March 31, 2024		As of December 31, 2023	
	\$ 405,409,197	\$ 414,147,436	\$ 396,558,128	\$ 414,147,436
<b>Servicing UPB</b>				

The following key assumptions were used in determining MSR value:

	Prepayment Speeds	Average Life (Years)	Discount Rate	Prepayment Speeds	Average Life (Years)	Discount Rate
	9.00	8.12	12.07	9.20	8.12	12.11
March 31, 2024						
June 30, 2024						
December 31, 2023	9.70	7.79	11.85	9.70	7.79	11.85
	5055					

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**12)Income Taxes**

The Company's overall effective tax rate for the three month periods ended **March 31, 2024** June 30, 2024 and 2023 was **22.3** 22.6% and **21.8** 22.0%, respectively, which resulted in a provision for income taxes of **\$2,144,789** 2,118,044 and **\$344,716** 1,796,627, respectively, and for the six month periods ended June 30, 2024 and 2023 was 22.4% and 22.0%, respectively, which resulted in a provision for income taxes of \$4,262,833 and \$2,141,343, respectively. The Company's effective tax rate is higher than the U.S. federal statutory rate of 21% due to, among other factors, state income 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 increase in the effective tax rate when compared to the prior year was primarily due to the Company's 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.

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
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13)  
Revenues  
from  
Contracts Revenues from Contracts with Customers (Continued)  
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 (January 1, 2024)	6,321,573	-	18,237,246
Closing (June 30, 2024)	6,784,501	-	18,917,596
Increase/(decrease)	462,928	-	680,350
Contract Balances			
	Receivables (1)	Contract Asset	Contract Liability
	\$	\$	\$
	6,321,573	-	18,237,246
Opening (January 1, 2024)	6,321,573	-	18,237,246
Closing (March 31, 2024)	5,896,842	-	18,501,474
Increase/(decrease)	(424,731)	-	264,228
Contract Balances			
	Receivables (1)	Contract Asset	Contract Liability
	\$	\$	\$
	5,392,779	-	16,226,836
Opening (January 1, 2023)	5,392,779	-	16,226,836
Closing (December 31, 2023)	6,321,573	-	18,237,246
Increase/(decrease)	928,794	-	2,010,410
Contract Balances			
	Receivables (1)	Contract Asset	Contract Liability
	\$	\$	\$
	5,392,779	-	16,226,836
Opening (January 1, 2023)	5,392,779	-	16,226,836
Closing (December 31, 2023)	6,321,573	-	18,237,246
Increase/(decrease)	928,794	-	2,010,410

(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 **March 31, 2024** **June 30, 2024** and 2023 was **\$1,506,114** **1,429,381** and **\$1,119,898** **1,116,566**, respectively, and for the six month periods ended **June 30, 2024** and 2023 was **\$2,935,495** and **\$2,236,898**, 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:

	2024		2023		2024		2023		2024		2023	
	Three Months Ended		Three Months Ended		Six Months Ended		Six Months Ended		Six Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,		June 30,		June 30,		June 30,	
<b>Major goods/service lines</b>												
At-need	\$ 5,410,300	\$ 5,154,036	\$ 4,864,380	\$ 4,999,450	\$ 10,274,680	\$ 10,153,486						
Pre-need	1,538,191	1,317,393	2,904,567	2,169,264	4,442,758	3,486,657						
	<b>\$ 6,948,491</b>	<b>\$ 6,471,429</b>	<b>\$ 7,768,947</b>	<b>\$ 7,168,714</b>	<b>\$ 14,717,438</b>	<b>\$ 13,640,143</b>						
<b>Timing of Revenue Recognition</b>												
Goods transferred at a point in time	\$ 4,190,222	\$ 4,029,666	\$ 5,032,430	\$ 4,528,969	\$ 9,222,652	\$ 8,558,635						
Services transferred at a point in time	2,758,269	2,441,763	2,736,517	2,639,745	5,494,786	5,081,508						
	<b>\$ 6,948,491</b>	<b>\$ 6,471,429</b>	<b>\$ 7,768,947</b>	<b>\$ 7,168,714</b>	<b>\$ 14,717,438</b>	<b>\$ 13,640,143</b>						
			5257									

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**13) Revenues from Contracts with Customers (Continued)**  
**13) Revenues from Contracts with Customers (Continued)**

The following table reconciles revenues from cemetery and mortuary contracts to Note 7 – Business Segment Information for the Cemetery/Mortuary Segment for the periods presented:

	Three Months Ended March 31,		2024		2023		2024		2023	
			Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net mortuary and cemetery sales	\$ 6,948,491	\$ 6,471,429	\$ 7,768,947	\$ 7,168,714	\$ 14,717,438	\$ 13,640,143				
Gains on investments and other assets	582,162	53,931	(202,810)	197,579	379,352	251,510				
Net investment income	1,084,192	601,491	574,957	1,343,274	1,659,149	1,944,765				
Other revenues	172,733	71,545	136,774	102,941	309,507	174,486				
Revenues from external customers	<b>8,787,578</b>	<b>7,198,396</b>	<b>8,277,868</b>	<b>8,812,508</b>	<b>17,065,446</b>	<b>16,010,904</b>				

**14) Receivables**

Receivables consist of the following:

	As of March 31, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
	\$	\$	\$	\$
Contracts with customers	\$ 5,896,842	\$ 6,321,573	\$ 6,784,501	\$ 6,321,573
Receivables from sales agents	3,579,468	3,252,840	3,533,612	3,252,840
Other	9,154,789	7,658,789	5,415,118	7,658,789
Total receivables	<b>18,631,099</b>	<b>17,233,202</b>	<b>15,733,231</b>	<b>17,233,202</b>
Allowance for credit losses	(1,755,553)	(1,897,887)	(1,770,911)	(1,897,887)
Net receivables	<b>\$ 16,875,546</b>	<b>\$ 15,335,315</b>	<b>\$ 13,962,320</b>	<b>\$ 15,335,315</b>

The Company records an allowance for credit losses for its receivables in accordance with GAAP. See Note 2 regarding the adoption of ASU 2016-13.

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

	Three Months Ended	Three Months Ended
Beginning balance - January 1, 2024	\$ 1,897,887	
Beginning balance - March 31, 2024		\$ 1,755,553
Change in provision for credit losses (1)	(118,497)	31,494
Charge-offs	(23,837)	(16,136)
Ending balance - March 31, 2024	<b>\$ 1,755,553</b>	
Ending balance - June 30, 2024		\$ 1,770,911
Beginning balance - March 31, 2023		\$ 1,867,124
Change in provision for credit losses (1)	(332,644)	(41,546)
Charge-offs		
Ending balance - June 30, 2023		<b>\$ 1,492,934</b>

	Three Months Ended
Beginning balance - January 1, 2023	\$ 2,229,791
Change in provision for credit losses (1)	(318,664)
Charge-offs	(44,003)
Ending balance - March 31, 2023	<b>\$ 1,867,124</b>

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

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

	Six Months Ended
--	------------------

Beginning balance - January 1, 2024	\$ 1,897,887
Change in provision for credit losses (1)	(87,003)
Charge-offs	(39,973)
Ending balance - June 30, 2024	<u><u>\$ 1,770,911</u></u>
Beginning balance - January 1, 2023	\$ 2,229,791
Change in provision for credit losses (1)	(651,308)
Charge-offs	(85,549)
Ending balance - June 30, 2023	<u><u>\$ 1,492,934</u></u>

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

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**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**  
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**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 the cemetery perpetual care investments and obligation as of **March 31, 2024** **June 30, 2024**, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
<b>March 31, 2024:</b>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 478,900	\$ 458	\$ (786)	\$ -	\$ 478,572
Obligations of states and political subdivisions	<u>168,209</u>	<u>-</u>	<u>(6,002)</u>	<u>-</u>	<u>162,207</u>
Total fixed maturity securities available for sale	<u><u>647,109</u></u>	<u><u>458</u></u>	<u><u>(6,788)</u></u>	<u><u>-</u></u>	<u><u>640,779</u></u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 3,657,164	\$ 1,066,760	\$ (147,635)		\$ 4,576,289
Total equity securities at estimated fair value	<u><u>3,657,164</u></u>	<u><u>1,066,760</u></u>	<u><u>(147,635)</u></u>		<u><u>4,576,289</u></u>
Mortgage loans held for investment at amortized cost:					
Residential construction	\$ 123,600				
Less: Allowance for credit losses	<u>(247)</u>				
Total mortgage loans held for investment	<u><u>123,353</u></u>				
Accrued investment income	<u><u>6,968</u></u>				
Cash and cash equivalents	<u><u>3,021,586</u></u>				
Total cemetery perpetual care trust investments	<u><u>8,368,975</u></u>				
Cemetery perpetual care obligation	<u><u>(5,384,115)</u></u>				
Trust investments in excess of trust obligations	<u><u>2,984,860</u></u>				
<b>June 30, 2024:</b>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 443,508	\$ 1,481	\$ (1,975)	\$ -	\$ 443,014
Obligations of states and political subdivisions	<u>167,073</u>	<u>20</u>	<u>(6,908)</u>	<u>-</u>	<u>160,185</u>
Total fixed maturity securities available for sale	<u><u>610,581</u></u>	<u><u>1,501</u></u>	<u><u>(8,883)</u></u>	<u><u>-</u></u>	<u><u>603,199</u></u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 3,739,763	\$ 1,059,494	\$ (204,627)		\$ 4,594,630
Total equity securities at estimated fair value	<u><u>3,739,763</u></u>	<u><u>1,059,494</u></u>	<u><u>(204,627)</u></u>		<u><u>4,594,630</u></u>
Mortgage loans held for investment at amortized cost:					
Residential construction	\$ 115,000				
Commercial	<u>1,920,000</u>				
Less: Allowance for credit losses	<u>(4,070)</u>				
Total mortgage loans held for investment	<u><u>2,030,930</u></u>				
Accrued investment income	<u><u>20,248</u></u>				
Cash and cash equivalents	<u><u>1,203,075</u></u>				
Total cemetery perpetual care trust investments	<u><u>8,452,082</u></u>				

Cemetery perpetual care obligation	\$ <u>(5,487,676)</u>
Trust investments in excess of trust obligations	\$ <u>2,964,406</u>
<hr/> <span style="background-color: yellow; color: green; padding: 2px 5px;">5459</span>	

## SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES

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

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

The components of the cemetery perpetual care investments and obligation as of December 31, 2023, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>December 31, 2023:</u>				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 477,797	\$ 302	\$ (574)	\$ 477,525
Obligations of states and political subdivisions	115,792	-	(5,114)	110,678
Corporate securities including public utilities	53,672	-	(171)	53,501
Total fixed maturity securities available for sale	<u>\$ 647,261</u>	<u>\$ 302</u>	<u>\$ (5,859)</u>	<u>\$ 641,704</u>
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 3,614,392	\$ 859,680	\$ (146,771)	\$ 4,327,301
Total equity securities at estimated fair value	<u>\$ 3,614,392</u>	<u>\$ 859,680</u>	<u>\$ (146,771)</u>	<u>\$ 4,327,301</u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 247,360			
Less: Allowance for credit losses	(495)			
Total mortgage loans held for investment	<u>\$ 246,865</u>			
Cash and cash equivalents				
	<u>\$ 2,867,047</u>			
Total cemetery perpetual care trust investments				
	<u>\$ 8,082,917</u>			
Cemetery perpetual care obligation				
	<u>\$ (5,326,196)</u>			
Trust investments in excess of trust obligations				
	<u>\$ 2,756,721</u>			
<u>Fixed Maturity Securities</u>				

The table below summarizes unrealized losses on fixed maturity securities available for sale that were carried at estimated fair value as of March 31, 2024 June 30, 2024 and December 31, 2023. 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		Unrealized Losses for More than Twelve Months		Total Unrealized Loss	Fair Value
	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value		
<u>March 31, 2024</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 786	\$ 143,234	\$ -	\$ -	\$ 786	\$ 143,234
Obligations of states and political subdivisions	-	-	6,002	162,207	6,002	162,207
Totals	<u>\$ 786</u>	<u>\$ 143,234</u>	<u>\$ 6,002</u>	<u>\$ 162,207</u>	<u>\$ 6,788</u>	<u>\$ 305,441</u>
<u>December 31, 2023</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 574	\$ 143,448	\$ -	\$ -	\$ 574	\$ 143,448
Obligations of states and political subdivisions	-	-	5,114	110,678	5,114	110,678
Corporate securities including public utilities	-	-	171	53,501	171	53,501
Totals	<u>\$ 574</u>	<u>\$ 143,448</u>	<u>\$ 5,285</u>	<u>\$ 164,179</u>	<u>\$ 5,859</u>	<u>\$ 307,627</u>
<u>June 30, 2024</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,975	\$ 144,156	\$ -	\$ -	\$ 1,975	\$ 144,156
Obligations of states and political subdivisions	-	-	6,908	120,165	6,908	120,165
Totals	<u>\$ 1,975</u>	<u>\$ 144,156</u>	<u>\$ 6,908</u>	<u>\$ 120,165</u>	<u>\$ 8,883</u>	<u>\$ 264,321</u>
<u>December 31, 2023</u>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 574	\$ 143,448	\$ -	\$ -	\$ 574	\$ 143,448
Obligations of states and political subdivisions	-	-	5,114	110,678	5,114	110,678
Corporate securities including public utilities	-	-	171	53,501	171	53,501

Totals	\$ 574	\$ 143,448	\$ 5,285	\$ 164,179	\$ 5,859	\$ 307,627
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**15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)**  
**15) Cemetery Perpetual Care Trust Investments and Obligations and Restricted Assets (Continued)**

Relevant holdings were comprised of **four** **three** securities with fair values aggregating **97.8** **96.7** % of the aggregate amortized cost as of **March 31, 2024** **June 30, 2024**. Relevant holdings were comprised of four securities with fair values aggregating 98.1% of aggregate amortized cost as of December 31, 2023. No credit losses have been recognized for the three and **six** month periods ended **March 31, 2024** **June 30, 2024** and 2023, since the increase in unrealized losses is primarily a 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 **March 31, 2024** **June 30, 2024**, 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		Estimated Fair		Amortized		Estimated Fair	
	Cost	Value	Cost	Value	Cost	Value	Cost	Value
Due in 1 year	\$ 334,878	\$ 335,336	\$ 297,377	\$ 298,857				
Due in 2-5 years	258,559	252,489	260,123	252,508				
Due in 5-10 years	-	-	-	-				
Due in more than 10 years	53,672	52,954	53,081	51,834				
<b>Total</b>	<b>\$ 647,109</b>	<b>\$ 640,779</b>	<b>\$ 610,581</b>	<b>\$ 603,199</b>				

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**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.

Restricted cash also 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.

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

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

Restricted assets as of **March 31, 2024** June 30, 2024, are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Allowance for Credit Losses</u>	<u>Estimated Fair Value</u>
<b>March 31, 2024:</b>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 932,737	\$ 5,273	\$ (1,370)	\$ -	\$ 936,640
Obligations of states and political subdivisions	555,848	12	(8,102)	-	547,758
Corporate securities including public utilities	324,253	18	(4,055)	-	320,216
Total fixed maturity securities available for sale	<u>\$ 1,812,838</u>	<u>\$ 5,303</u>	<u>\$ (13,527)</u>	<u>\$ -</u>	<u>\$ 1,804,614</u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 7,023,615	\$ 1,506,405	\$ (251,408)	\$ -	\$ 8,278,612
Total equity securities at estimated fair value	<u>\$ 7,023,615</u>	<u>\$ 1,506,405</u>	<u>\$ (251,408)</u>	<u>\$ -</u>	<u>\$ 8,278,612</u>
Mortgage loans held for investment at amortized cost:					
Residential construction	\$ 183,942				
Less: Allowance for credit losses	(368)				
Total mortgage loans held for investment	<u>\$ 183,574</u>				
Accrued investment income	<u>\$ 13,377</u>				
Cash and cash equivalents (1)	<u>\$ 10,598,384</u>				
Total restricted assets	<u>\$ 20,878,561</u>				
<b>June 30, 2024:</b>					
Fixed maturity securities, available for sale, at estimated fair value:					
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 796,855	\$ 3,235	\$ (3,440)	\$ -	\$ 796,650
Obligations of states and political subdivisions	551,620	6	(6,935)	-	544,691
Corporate securities including public utilities	221,710	23	(2,808)	-	218,925
Total fixed maturity securities available for sale	<u>\$ 1,570,185</u>	<u>\$ 3,264</u>	<u>\$ (13,183)</u>	<u>\$ -</u>	<u>\$ 1,560,266</u>
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	\$ 7,435,400	\$ 1,487,896	\$ (376,325)	\$ -	\$ 8,546,971
Total equity securities at estimated fair value	<u>\$ 7,435,400</u>	<u>\$ 1,487,896</u>	<u>\$ (376,325)</u>	<u>\$ -</u>	<u>\$ 8,546,971</u>
Mortgage loans held for investment at amortized cost:					
Residential construction	\$ 639,061				
Less: Allowance for credit losses	(1,278)				
Total mortgage loans held for investment	<u>\$ 637,783</u>				
Accrued investment income	<u>\$ 5,908</u>				
Cash and cash equivalents (1)	<u>\$ 11,849,488</u>				
Total restricted assets	<u>\$ 22,600,416</u>				

(1) Including cash and cash equivalents of **\$6,925,987** **\$8,178,110** for the life insurance and mortgage segments.

Restricted assets as of December 31, 2023, are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>December 31, 2023:</b>				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 932,737	\$ 1,433	\$ (1,000)	\$ 933,170
Obligations of states and political subdivisions	652,770	305	(4,542)	648,533
Corporate securities including public utilities	274,688	209	(2,740)	272,157
Total fixed maturity securities available for sale	<u>\$ 1,860,195</u>	<u>\$ 1,947</u>	<u>\$ (8,282)</u>	<u>\$ 1,853,860</u>

Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 6,516,044	\$ 1,117,155	\$ (247,996)	\$ 7,385,203
Total equity securities at estimated fair value	<u><u>\$ 6,516,044</u></u>	<u><u>\$ 1,117,155</u></u>	<u><u>\$ (247,996)</u></u>	<u><u>\$ 7,385,203</u></u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 676,572			
Less: Allowance for credit losses	(1,353)			
Total mortgage loans held for investment	<u><u>\$ 675,219</u></u>			
Cash and cash equivalents (1)	<u><u>\$ 10,114,694</u></u>			
Total restricted assets	\$ 20,028,976			

(1) Including cash and cash equivalents of \$6,930,930 for the life insurance and mortgage segments.

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SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
March 31, June 30, 2024 (Unaudited)

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

Restricted assets as of December 31, 2023, are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>December 31, 2023:</b>				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 932,737	\$ 1,433	\$ (1,000)	\$ 933,170
Obligations of states and political subdivisions	652,770	305	(4,542)	648,533
Corporate securities including public utilities	274,688	209	(2,740)	272,157
Total fixed maturity securities available for sale	<u>\$ 1,860,195</u>	<u>\$ 1,947</u>	<u>\$ (8,282)</u>	<u>\$ 1,853,860</u>
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	\$ 6,516,044	\$ 1,117,155	\$ (247,996)	\$ 7,385,203
Total equity securities at estimated fair value	<u>\$ 6,516,044</u>	<u>\$ 1,117,155</u>	<u>\$ (247,996)</u>	<u>\$ 7,385,203</u>
Mortgage loans held for investment at amortized cost:				
Residential construction	\$ 676,572			
Less: Allowance for credit losses	(1,353)			
Total mortgage loans held for investment	<u>\$ 675,219</u>			
Cash and cash equivalents (1)	<u>\$ 10,114,694</u>			
Total restricted assets	<u>\$ 20,028,976</u>			

(1) Including cash and cash equivalents of \$6,930,930 for the life insurance and mortgage segments.

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 **March 31, 2024** **June 30, 2024** and December 31, 2023. 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	
					Unrealized Losses for Less than Twelve Months	Fair Value
<b>June 30, 2024</b>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 3,440	\$ 251,111	\$ -	\$ -	\$ 3,440	\$ 251,111
Obligations of states and political subdivisions	2,161	230,634	4,774	289,322	6,935	519,956
Corporate securities including public utilities	81	25,331	2,727	168,571	2,808	193,902
Totals	<u>\$ 5,682</u>	<u>\$ 507,076</u>	<u>\$ 7,501</u>	<u>\$ 457,893</u>	<u>\$ 13,183</u>	<u>\$ 964,969</u>
<b>December 31, 2023</b>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,000	\$ 249,877	\$ -	\$ -	\$ 1,000	\$ 249,877
Obligations of states and political subdivisions	-	-	4,542	451,985	4,542	451,985
Corporate securities including public utilities	-	-	2,740	221,334	2,740	221,334
Totals	<u>\$ 1,000</u>	<u>\$ 249,877</u>	<u>\$ 7,282</u>	<u>\$ 673,319</u>	<u>\$ 8,282</u>	<u>\$ 923,196</u>

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Fair Value
<b>March 31, 2024</b>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,370	\$ 249,507	\$ -	\$ -	\$ 1,370	\$ 249,507
Obligations of states and political subdivisions	4,206	335,100	3,896	187,645	8,102	522,745
Corporate securities including public utilities	684	75,757	3,371	219,442	4,055	295,199
<b>Totals</b>	<b>\$ 6,260</b>	<b>\$ 660,364</b>	<b>\$ 7,267</b>	<b>\$ 407,087</b>	<b>\$ 13,527</b>	<b>\$ 1,067,451</b>
<b>December 31, 2023</b>						
U.S. Treasury securities and obligations of U.S. Government agencies	\$ 1,000	\$ 249,877	\$ -	\$ -	\$ 1,000	\$ 249,877
Obligations of states and political subdivisions	-	-	4,542	451,985	4,542	451,985
Corporate securities including public utilities	-	-	2,740	221,334	2,740	221,334
<b>Totals</b>	<b>\$ 1,000</b>	<b>\$ 249,877</b>	<b>\$ 7,282</b>	<b>\$ 673,319</b>	<b>\$ 8,282</b>	<b>\$ 923,196</b>

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements

June 30, 2024 (Unaudited)

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

Relevant holdings were comprised of **15** **14** securities with fair values aggregating 98.7% of the aggregate amortized cost as of **March 31, 2024** **June 30, 2024**. Relevant holdings were comprised of 12 securities with fair values aggregating 99.1% of the aggregate amortized cost as of December 31, 2023. No credit losses have been recognized for the three and six month periods ended **March 31, 2024** **June 30, 2024** and 2023, since the increase in unrealized losses is primarily a result of increases in interest. 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 **March 31, 2024** **June 30, 2024**, 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		Estimated Fair		Amortized	Estimated
	Cost	Value	Cost	Value	Cost	Fair
Due in 1 year	\$ 681,860	\$ 687,133	\$ 542,305	\$ 545,540		
Due in 2-5 years	461,092	455,800	362,834	356,778		
Due in 5-10 years	102,422	101,308	101,523	100,716		
Due in more than 10 years	567,464	560,373	563,523	557,232		
<b>Total</b>	<b>\$ 1,812,838</b>	<b>\$ 1,804,614</b>	<b>\$ 1,570,185</b>	<b>\$ 1,560,266</b>		

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

**SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**  
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 March 31, June 30, 2024 (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,	
	2024	2023	2024	2023
Unrealized gains (losses) on fixed maturity securities available for sale	\$ (654,164)	\$ (4,913,327)	\$ (1,689,264)	\$ 523,602
Amounts reclassified into net earnings	3,675	(79,850)	(92,876)	(298,750)
Net unrealized gains (losses) before taxes	(650,489)	(4,993,177)	(1,782,140)	224,852
Tax (expense) benefit	135,422	1,048,567	373,973	(47,219)
Net	(515,067)	(3,944,610)	(1,408,167)	177,633
Unrealized losses on restricted assets (1)	(1,694)	(6,189)	(3,583)	(2,056)
Tax benefit	422	1,542	893	512
Net	(1,272)	(4,647)	(2,690)	(1,544)
Unrealized losses on cemetery perpetual care trust investments (1)	(1,052)	(3,738)	(1,825)	(812)
Tax benefit	262	943	455	229
Net	(790)	(2,795)	(1,370)	(583)
Other comprehensive income (loss) changes	\$ (517,129)	\$ (3,952,052)	\$ (1,412,227)	\$ 175,506

	Three Months Ended March 31,	
	2024	2023
Unrealized gains (losses) on fixed maturity securities available for sale	\$ (1,035,099)	\$ 5,436,929
Amounts reclassified into net earnings	(96,551)	(218,900)
Net unrealized gains (losses) before taxes	(1,131,650)	5,218,029
Tax (expense) benefit	238,552	(1,095,787)
Net	(893,098)	4,122,242
Unrealized gains (losses) on restricted assets (1)	(1,890)	4,133
Tax (expense) benefit	471	(1,029)
Net	(1,419)	3,104
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(774)	2,926
Tax (expense) benefit	193	(714)
Net	(581)	2,212
Other comprehensive income (loss) changes	\$ (895,098)	\$ 4,127,558

(1) Fixed maturity securities available for sale

The following table presents the accumulated balances of other comprehensive income (loss) as of **March 31, 2024** **June 30, 2024**:

	Beginning Balance December 31, 2023	Change for the period	Ending Balance March 31, 2024	Beginning Balance December 31, 2023	Change for the period	Ending Balance June 30, 2024
	\$	\$	\$	\$	\$	\$
Unrealized losses on fixed maturity securities available for sale	\$ (6,876,629)	\$ (893,098)	\$ (7,769,727)	\$ (6,876,629)	\$ (1,408,167)	\$ (8,284,796)
Unrealized losses on restricted assets (1)	(4,757)	(1,419)	(6,176)	(4,757)	(2,690)	(7,447)
Unrealized losses on cemetery perpetual care trust investments (1)	(4,172)	(581)	(4,753)	(4,172)	(1,370)	(5,542)
Other comprehensive loss	\$ (6,885,558)	\$ (895,098)	\$ (7,780,656)	\$ (6,885,558)	\$ (1,412,227)	\$ (8,297,785)

(1) Fixed maturity securities available for sale

The following table presents the accumulated balances of other comprehensive income (loss) as of December 31, 2023:

	Beginning Balance December 31, 2022	Change for the period	Ending Balance December 31, 2023	Beginning Balance December 31, 2022	Change for the period	Ending Balance December 31, 2023
	\$	\$	\$	\$	\$	\$
Unrealized gains (losses) on fixed maturity securities available for sale	\$ (13,050,767)	\$ 6,174,138	\$ (6,876,629)	\$ (13,050,767)	\$ 6,174,138	\$ (6,876,629)
Unrealized gains (losses) on restricted assets (1)	(13,148)	8,391	(4,757)	(13,148)	8,391	(4,757)

Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(6,362)	2,190	(4,172)	(6,362)	2,190	(4,172)
Other comprehensive income (loss)	<u>\$ (13,070,277)</u>	<u>\$ 6,184,719</u>	<u>\$ (6,885,558)</u>	<u>\$ (13,070,277)</u>	<u>\$ 6,184,719</u>	<u>\$ (6,885,558)</u>

(1) Fixed maturity securities available for sale

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**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.****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 **March 31, 2024** **June 30, 2024** and 2023. See Note 7 to the condensed consolidated financial statements.

	Three months ended March 31, (in thousands of dollars)					
			2024	2023	% Increase (Decrease)	
	2024	2023			2024	2023
Revenues from external customers						
Insurance premiums	\$ 29,852	\$ 27,968			7%	
Mortgage fee income	-	44			(100)%	
Net investment income	18,612	16,755			11%	
Gains on investments and other assets	1,088	57			1809%	
Other	418	591			(29)%	
Total	<b>\$ 49,970</b>	<b>\$ 45,415</b>			<b>10%</b>	
Intersegment revenue	<b>\$ 1,380</b>	<b>\$ 1,510</b>			<b>(9)%</b>	
Earnings before income taxes	<b>\$ 8,530</b>	<b>\$ 3,684</b>			<b>132%</b>	
Three months ended June 30, (in thousands of dollars)			Six months ended June 30, (in thousands of dollars)			
			2024	2023	% Increase (Decrease)	
	2024	2023			2024	2023
	2024	2023	2024	2023	2024	2023
Revenues from external customers						
Insurance premiums	\$ 29,961	\$ 28,813			4%	
Mortgage fee income	-	22			(100)%	
Net investment income	17,184	18,420			(7)%	
Gains (losses) on investments and other assets	(211)	458			(146)%	
Other	303	358			(15)%	
Total	<b>\$ 47,237</b>	<b>\$ 48,071</b>			<b>(2)%</b>	
Intersegment revenue	<b>\$ 1,906</b>	<b>\$ 2,517</b>			<b>(24)%</b>	
Earnings before income taxes	<b>\$ 7,165</b>	<b>\$ 9,158</b>			<b>(22)%</b>	

Profitability for the three six month period ended **March 31, 2024** **June 30, 2024** increased due to (a) a **\$1,884,000** **\$3,032,000** increase in insurance premiums and other considerations, (b) a **\$1,857,000** **\$2,174,000** decrease in death, surrenders and other policy benefits, (c) a **\$621,000** increase in net investment income, (c) (d) a **\$1,031,000** **\$480,000** decrease in interest expense, (e) a **\$363,000** increase in gains on investments and other assets, (d) a **\$882,000** decrease in death, surrenders and other policy benefits, (e) a **\$481,000** decrease in selling, general and administrative expenses, (f) a **\$254,000** **\$255,000** decrease in amortization of deferred policy acquisition costs, and (g) a **\$119,000** decrease in interest expense, which were partially offset by (i) a **\$1,291,000** **\$2,004,000** increase in future policy benefits, (ii) a **\$173,000** decrease **\$1,001,000** increase in other revenues, selling, general and administrative expenses, (iii) a **\$130,000** **\$742,000** decrease in intersegment revenue, (iv) a **\$44,000** **\$228,000** decrease in other revenues, (v) a **\$66,000** decrease in mortgage fee income, and (v) (vi) a **\$24,000** **\$32,000** increase in intersegment interest expense and other expenses.

## Cemetery and Mortuary Operations

The Company sells mortuary services and products through its nine mortuaries in Utah and three 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 **March 31, 2024** **June 30, 2024** and 2023. See Note 7 to the condensed consolidated financial statements.

	Three months ended March 31, (in thousands of dollars)					
	2024		2023		% Increase (Decrease)	
	Revenue from external customers		Revenue from external customers		Revenue from external customers	
Mortuary revenues	\$ 3,414		\$ 3,275		4 %	
Cemetery revenues	3,534		3,196		11 %	
Net investment income	1,084		601		80 %	
Gains on investments and other assets	582		54		978 %	
Other	173		72		140 %	
<b>Total</b>	<b>\$ 8,787</b>		<b>\$ 7,198</b>		<b>22 %</b>	
<b>Earnings before income taxes</b>	<b>\$ 3,053</b>		<b>\$ 1,785</b>		<b>71 %</b>	
Six months ended June 30, (in thousands of dollars)						
	Three months ended June 30, (in thousands of dollars)			Six months ended June 30, (in thousands of dollars)		
	2024		2023		% Increase (Decrease)	
	Revenue from external customers		Revenue from external customers		Revenue from external customers	
Mortuary revenues	\$ 3,125	\$ 3,125	0 %	\$ 6,539	\$ 6,400	2 %
Cemetery revenues	4,644	4,044	15 %	8,178	7,240	13 %
Net investment income	575	1,343	(57 %)	1,659	1,945	(15 %)
Gains on investments and other assets	(203)	198	(203 %)	379	252	50 %
Other	137	103	33 %	310	174	78 %
<b>Total</b>	<b>\$ 8,278</b>	<b>\$ 8,813</b>	<b>(6 %)</b>	<b>\$ 17,065</b>	<b>\$ 16,011</b>	<b>7 %</b>
<b>Earnings before income taxes</b>	<b>\$ 2,091</b>	<b>\$ 2,828</b>	<b>(26 %)</b>	<b>\$ 5,144</b>	<b>\$ 4,613</b>	<b>12 %</b>

Profitability in the three six month period ended **March 31, 2024** **June 30, 2024** increased due to (a) a **\$528,000** **\$956,000** increase in cemetery pre-need sales, (b) a **\$139,000** increase in mortuary at-need sales, (c) a **\$135,000** increase in other revenues, (d) a **\$128,000** increase in gains on investments and other assets, (b) a **\$483,000** increase in net investment income, (c) a **\$221,000** increase in cemetery pre-need sales, (d) a **\$139,000** increase in mortuary at-need sales, (e) a **\$117,000** increase in cemetery at-need sales, and (f) a **\$101,000** increase in other revenues, a (g) a **\$5,000** **\$7,000** decrease in intersegment interest expense and other expenses, and (h) (f) a **\$1,000** increase in intersegment revenues, which were partially offset by (i) a **\$124,000** **\$293,000** increase in selling, general and administrative expenses, (ii) a **\$114,000** **\$286,000** decrease in net investment income, (iii) a **\$166,000** increase in amortization of deferred policy acquisition costs, and (iv) (iv) an **\$88,000** **\$72,000** increase in cost of goods and services sold, sold, and (v) a **\$18,000** decrease in cemetery at-need sales.

## 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 **originate** **originates** mortgages 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 **0.19%** **0.28%** 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 the **increase** **increased** inflation and the expectation that the Federal Reserve will continue to raise rates in the near term. 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 three six month periods ended **March 31, 2024** **June 30, 2024** and 2023, SecurityNational Mortgage originated **1,486** **3,494** loans (**\$465,605,000** **\$1,089,824,000** total volume) and **1,702** **3,738** loans (**\$531,868,000** **\$1,139,735,000** total volume), respectively.

The following table shows the condensed financial results of the mortgage operations for the three and six month periods ended **March 31, 2024** **June 30, 2024** and 2023. See Note 7 to the condensed consolidated financial statements.

	Three months ended March 31, (in thousands of dollars)			Three months ended June 30, (in thousands of dollars)			Six months ended June 30, (in thousands of dollars)					
	2024		2023		% Increase (Decrease)		2024		2023		% Increase (Decrease)	
	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Revenues from external customers												
Secondary gains from investors	\$ 14,731	\$ 17,917		(18)%	\$ 18,675	\$ 19,276		(3)%	\$ 33,405	\$ 37,193		(10)%
Income from loan originations	6,840	6,555		4%	9,318	8,334		12%	16,158	14,889		9%
Change in fair value of loans held for sale	(301)	795		(138)%	1,197	(1,402)		185%	896	(607)		248%
Change in fair value of loan commitments	562	678		(17)%	430	(151)		385%	992	527		88%
Net investment income	250	418		(40)%	286	409		(30)%	536	827		(35)%
<b>Losses on investments and other assets</b>	<b>(1)</b>	<b>-</b>		<b>(100)%</b>								
Gains on investments and other assets					36	161		(78)%	35	161		(78)%
Other	349	524		(33)%	335	336		0%	684	860		(20)%
Total	<b>\$ 22,430</b>	<b>\$ 26,887</b>		<b>(17)%</b>	<b>\$ 30,277</b>	<b>\$ 26,963</b>		<b>12%</b>	<b>\$ 52,706</b>	<b>\$ 53,850</b>		<b>(2)%</b>
<b>Loss before income taxes</b>	<b>\$ (1,964)</b>	<b>\$ (3,883)</b>		<b>(49)%</b>								
Earnings (loss) before income taxes					<b>\$ 134</b>	<b>\$ (3,837)</b>		<b>103%</b>	<b>\$ (1,829)</b>	<b>\$ (7,720)</b>		<b>76%</b>

Profitability for the **three** **six** month period ended **March 31, 2024** **June 30, 2024** increased due to (a) a **\$2,755,000** **\$3,430,000** decrease in personnel expenses, (b) a **\$1,303,000** **\$2,001,000** decrease in other expenses, (c) a **\$896,000** decrease **\$1,503,000** increase in commissions, the fair value of loans held for sale, (d) a **\$393,000** decrease **\$1,211,000** increase in costs related to funding mortgage loans, income from loan originations, (e) a **\$382,000** **\$936,000** decrease in rent and rent related expenses, (f) a **\$307,000** decrease in interest expense, (g) a **\$285,000** increase in income from loan originations, (h) a **\$176,000** decrease in advertising expenses, (i) a **\$125,000** **\$734,000** decrease in intersegment interest expense and other expenses, (g) a **\$701,000** decrease in costs related to funding mortgage loans, (h) a **\$465,000** increase in the fair value of loan commitments (i) a **\$291,000** decrease in advertising expenses, (j) a **\$23,000** **\$287,000** decrease in interest expense, (k) a **\$32,000** increase in intersegment revenues, and (k) (l) a **\$17,000** **\$24,000** decrease in depreciation on property and equipment, which were partially offset by (i) a **\$3,186,000** **\$3,854,000** decrease in secondary gains from investors, (ii) a **\$1,096,000** decrease **\$1,403,000** increase in the fair value of loans held for sale, commissions, (iii) a **\$175,000** decrease in other revenues, (iv) a **\$168,000** **\$291,000** decrease in net investment income, and (v) (iv) a **\$116,000** **\$176,000** decrease in the fair value of loan commitments, other revenues.

#### Consolidated Results of Operations

##### Three month period ended **March 31, 2024** **June 30, 2024**, Compared to Three month period ended **March 31, 2023** **June 30, 2023**

Total revenues increased by **\$1,687,000** **\$1,945,000**, or **2.1%** **2.3%**, to **\$81,188,000** **\$85,791,000** for the three month period ended **March 31, 2024** **June 30, 2024**, from **\$79,501,000** **\$83,846,000** for the comparable period in 2023. Contributing to this increase in total revenues was a **\$2,172,000** **\$3,541,000** increase in net investment mortgage fee income, a **\$1,885,000** **\$1,147,000** increase in insurance premiums and other considerations, a **\$1,558,000** increase in gains on investments and other assets, and a **\$477,000** **\$600,000** increase in net mortuary and cemetery sales, which were partially offset by a **\$247,000** **\$2,127,000** decrease in net investment income, a **\$1,194,000** decrease in gains on investments and other assets, and a **\$22,000** decrease in other revenues and a **\$4,157,000** decrease in mortgage fee income.

Mortgage fee income decreased increased by **\$4,157,000** **\$3,541,000**, or **16.0%** **13.6%**, to **\$21,832,000** **\$29,620,000**, for the three month period ended **March 31, 2024** **June 30, 2024**, from **\$25,989,000** **\$26,079,000** for the comparable period in 2023. This increase was primarily due to a **\$2,599,000** increase in the fair value of loans held for sale, a **\$985,000** increase in loan fees and interest income net of a decrease in the provision for loan loss reserve, a **\$581,000** increase in the fair value of loan commitments, which was partially offset by a **\$624,000** decrease in secondary gains from mortgage loans sold to third-party investors into the secondary market due to the decline in origination activity because of increasing interest rates. Insurance premiums and other considerations increased by **\$1,147,000**, or **4.0%**, to **\$29,960,000** for the three month period ended June 30, 2024, from **\$28,813,000** for the comparable period in 2023. This increase was primarily due to an increase of **\$1,020,000** in first year premiums and an increase of **\$127,000** in renewal premiums. Net investment income decreased by **\$2,127,000**, or **10.5%**, to **\$18,045,000** for the three month period ended June 30, 2024, from **\$20,172,000** for the comparable period in 2023. This decrease was primarily attributable to a **\$2,446,000** decrease in mortgage loan interest, a **\$1,613,000** decrease in real estate income, a **\$18,000** decrease in policy loan interest, and a **\$12,000** decrease in other investment income, which were partially offset by a **\$936,000** increase in interest on cash and cash equivalents, a **\$424,000** increase in insurance assignment income, a **\$364,000** decrease in investment expenses, a **\$202,000** increase in fixed maturity securities income, and a **\$36,000** increase in equity securities income.

Net mortuary and cemetery sales increased by \$600,000, or 8.4%, to \$7,769,000 for the three month period ended June 30, 2024, from \$7,169,000 for the comparable period in 2023. This increase was primarily due to a \$735,000 increase in cemetery pre-need sales, which was partially offset by a \$135,000 decrease in cemetery at-need sales.

Gains (losses) on investments and other assets decreased by \$1,194,000, or 146.2%, to \$377,000 in net losses for the three month period ended June 30, 2024, from \$817,000 in net gains for the comparable period in 2023. This decrease in gains on investments and other assets was primarily due to a \$953,000 decrease in gains on equity securities mostly attributable to decreases in the fair value of these equity securities, a \$203,000 decrease in gains on other assets, and a \$122,000 decrease in gains on real estate, which were partially offset by an \$84,000 increase in gains on fixed maturity securities.

Total benefits and expenses were \$76,402,000, or 89.1% of total revenues, for the three month period ended June 30, 2024, as compared to \$75,697,000, or 90.3% of total revenues, for the comparable period in 2023.

Death benefits, surrenders and other policy benefits, and future policy benefits decreased by an aggregate of \$580,000 or 2.3%, to \$24,326,000 for the three month period ended June 30, 2024, from \$24,906,000 for the comparable period in 2023. This decrease was primarily the result of a \$1,385,000 decrease in death benefits, which were partially offset by a \$713,000 increase in future policy benefits and a \$92,000 increase in surrender and other policy benefits.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired increased by \$50,000, or 1.2%, to \$4,301,000 for the three month period ended June 30, 2024, from \$4,251,000 for the comparable period in 2023. This increase was primarily due to an increase in the average outstanding balance of deferred policy and pre-need acquisition costs.

Selling, general and administrative expenses increased by \$1,592,000, or 3.6%, to \$45,465,000 for the three month period ended June 30, 2024, from \$43,873,000 for the comparable period in 2023. This increase was primarily the result of a \$2,717,000 increase in commissions, a \$294,000 increase in personnel expenses, which were partially offset by a \$534,000 decrease in rent and rent related expenses, a \$404,000 decrease in other expenses, a \$307,000 decrease in costs related to funding mortgage loans, and a \$180,000 decrease in advertising expense.

Interest expense decreased by \$341,000, or 24.1%, to \$1,074,000 for the three month period ended June 30, 2024, from \$1,415,000 for the comparable period in 2023. This decrease was primarily due to a \$3,230,000 decrease of \$19,000 in interest expense on mortgage warehouse lines of credit for loans held for sale and a decrease of \$322,000 in interest expense on bank loans.

#### **Six month period ended June 30, 2024, Compared to Six month period ended June 30, 2023**

Total revenues increased by \$3,633,000, or 2.2%, to \$166,980,000 for the six month period ended June 30, 2024, from \$163,347,000 for the comparable period in 2023. Contributing to this increase in total revenues was a \$3,032,000 increase in insurance premiums and other considerations, a \$1,077,000 increase in net mortuary and cemetery sales, a \$365,000 increase in gains on investments and other assets, and a \$45,000 increase in net investment income, which were partially offset by a \$617,000 decrease in mortgage fee income and a \$269,000 decrease in other revenues.

Mortgage fee income decreased by \$617,000, or 1.2%, to \$51,451,000, for the six month period ended June 30, 2024, from \$52,068,000 for the comparable period in 2023. This decrease was primarily due to a \$3,854,000 decrease in secondary gains from mortgage loans sold to third-party investors into the secondary market due to the decline in origination activity because of increasing interest rates, which was partially offset by a \$1,096,000 decrease \$1,503,000 increase in the fair value of loans held for sale, and a \$116,000 decrease in the fair value of loan commitments, which was partially offset by a \$285,000 \$1,269,000 increase in loan fees and interest income net of a decrease in the provision for loan loss reserve, reserve, and a \$465,000 increase in the fair value of loan commitments.

Insurance premiums and other considerations increased by **\$1,885,000** **\$3,032,000**, or **6.7%** **5.3%**, to **\$29,852,000** **\$59,813,000** for the **three** **six** month period ended **March 31, 2024** **June 30, 2024**, from **\$27,967,000** **\$56,781,000** for the comparable period in 2023. This increase was primarily due to an increase of **\$1,645,000** **\$2,678,000** in first year premiums and an increase of **\$240,000** **\$354,000** in renewal premiums.

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Net investment income increased by **\$2,172,000**, **\$45,000**, or **12.2% 0.1%**, to **\$19,947,000** **\$37,991,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$17,775,000** **\$37,947,000** for the comparable period in 2023. This increase was primarily attributable to a **\$903,000** **\$1,839,000** increase in interest on cash and cash equivalents, **\$391,000** a **\$733,000** increase in insurance assignment income, a **\$593,000** increase in fixed maturity securities income, a **\$326,000** increase **\$258,000** decrease in mortgage loan interest, a **\$308,000** increase in insurance assignment income, a **\$150,000** increase in real estate income, a **\$101,000** investment expenses, an **\$83,000** increase in policy loan interest, a **\$70,000** **\$63,000** increase in equity securities income, and a **\$58,000** increase in other investment income, and a **\$28,000** increase in equity securities income, which were partially offset by a **\$105,000** increase **\$2,119,000** decrease in investment expenses, mortgage loan interest and a **\$1,463,000** decrease in real estate income.

Net mortuary and cemetery sales increased by **\$477,000**, **\$1,077,000**, or **7.4% 7.9%**, to **\$6,948,000** **\$14,717,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$6,471,000** **\$13,640,000** for the comparable period in 2023. This increase was primarily due to a **\$221,000** **\$956,000** increase in cemetery pre-need sales and a **\$139,000** increase in mortuary at-need sales, and a **\$117,000** increase which were partially offset by an **\$18,000** decrease in cemetery at-need sales.

Gains (losses) on investments and other assets increased by **\$1,558,000**, **\$364,000**, or **1401.9% 39.3%**, to **\$1,669,000** **\$1,292,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$111,000** **\$928,000** for the comparable period in 2023. This increase in gains on investments and other assets was primarily due to a **\$1,203,000** **\$250,000** increase in gains on equity securities mostly attributable to increases in the fair value of these equity securities, a **\$250,000** increase in gains on real estate, and a **\$122,000** **\$206,000** increase in gains on fixed maturity securities, and a **\$128,000** increase in gains on real estate, which were partially offset by a **\$17,000** **\$220,000** decrease in gains on other assets mostly attributable to the Company discontinuing its use of call and put option derivatives in the first quarter of 2023 assets.

Other revenues decreased by **\$247,000**, **\$269,000**, or **20.8% 13.6%**, to **\$940,000** **\$1,715,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$1,187,000** **\$1,984,000** for the comparable period in 2023. This decrease was primarily attributable to a decrease of **\$180,000** **\$132,000** in servicing fee revenue due to a decrease in the retention of mortgage servicing rights.

Total benefits and expenses were **\$71,569,000**, **\$147,971,000**, or **88.2% 88.6%** of total revenues, for the **three six** month period ended **March 31, 2024** **June 30, 2024**, as compared to **\$77,916,000**, **\$153,613,000**, or **98.0% 94.0%** of total revenues, for the comparable period in 2023.

Death benefits, surrenders and other policy benefits, and future policy benefits increased decreased by an aggregate of **\$409,000** **\$170,000** or **1.6% 0.3%**, to **\$26,275,000** **\$50,602,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$25,866,000** **\$50,772,000** for the comparable period in 2023. This increase decrease was primarily the result of a **\$1,291,000** increase **\$2,350,000** decrease in future policy benefits and an **\$83,000** increase in surrender and other policy death benefits, which were partially offset by a **\$965,000** decrease **\$2,004,000** increase in death future policy benefits and a **\$176,000** increase in surrender and other policy benefits.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired decreased by **\$140,000**, **\$90,000**, or **2.9% 1.0%**, to **\$4,744,000** **\$9,045,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$4,884,000** **\$9,135,000** for the comparable period in 2023. This decrease was primarily due to increased payment consistency from premium-paying products.

Selling, general and administrative expenses decreased by **\$6,279,000**, **\$4,688,000**, or **14.1% 5.3%**, to **\$38,248,000** **\$83,713,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$44,527,000** **\$88,401,000** for the comparable period in 2023. This decrease was primarily the result of a **\$2,107,000** **\$1,899,000** decrease in other expenses, a **\$1,813,000** decrease in personnel expenses, a **\$1,692,000** **\$909,000** decrease in commissions, a **\$1,495,000** decrease in other rent and rent related expenses, a **\$393,000** **\$701,000** decrease in costs related to funding mortgage loans, a **\$376,000** decrease in rent and rent related expenses, and a **\$216,000** **\$395,000** decrease in advertising expense, expense, which were partially offset by a **\$1,025,000** increase in commissions.

Interest expense decreased by **\$426,000**, **\$767,000**, or **29.3% 26.7%**, to **\$1,027,000** **\$2,101,000** for the **three six** month period ended **March 31, 2024** **June 30, 2024**, from **\$1,453,000** **\$2,868,000** for the comparable period in 2023. This decrease was primarily due to a decrease of **\$307,000** **\$288,000** in interest expense on mortgage warehouse lines of credit for loans held for sale and a decrease of **\$119,000** **\$479,000** in interest expense on bank loans.

## 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 **March 31, 2024** **June 30, 2024**, the Company's subsidiary SecurityNational Mortgage was not in compliance with the net income covenants under its Warehouse Lines of Credit and has received or is in the process of receiving waivers from the warehouse banks. In the unlikely event SecurityNational Mortgage is required to repay the outstanding advances of approximately **\$6,963,000** **\$6,617,000** on the Warehouse Line of Credit that has not provided a covenant waiver, SecurityNational Mortgage has sufficient cash and borrowing capacity on the Warehouse Lines of Credit that have provided covenant waivers to fund its origination activities. The Company has done an internal analysis of the funding capacities of both internal and external sources and has determined that there are sufficient funds to continue its business model. The Company continues to negotiate other warehouse lines of credit with other lenders.

During the **three** **six** month periods ended **March 31, 2024** **June 30, 2024** and 2023, the Company's operations provided cash of approximately **\$25,077,000** **\$8,104,000** and used cash of approximately **\$16,074,000**, **\$2,181,000**, respectively. The increase in cash provided by operations was due primarily to increased proceeds from the sale of mortgage loans held for sale.

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 **\$360,314,000** **\$330,052,000** (at estimated fair value) and **\$362,663,000** (at estimated fair value) as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively. This represented **38.5%** **35.9%** and **38.7%** of the total investments of the Company as of **March 31, 2024** **June 30, 2024** and December 31, 2023, 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 rating bonds. As of **March 31, 2024** **June 30, 2024**, **1.9%** **2.0%** (or **\$7,042,000**) **\$6,561,000** and as of December 31, 2023, **1.8%** (or **\$6,954,000**) 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 **March 31, 2024** **June 30, 2024** and December 31, 2023, 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 **\$424,439,000** **\$429,307,000** as of **March 31, 2024** **June 30, 2024**, as compared to **\$418,450,000** as of December 31, 2023. This increase was primarily due to an increase of **\$7,209,000** **\$12,871,000** in stockholders' equity as partially offset by a decrease of **\$1,220,000** **\$2,014,000** in bank loans and other loans payable. Stockholders' equity as a percent of total capitalization was **75.4%** **75.9%** and 74.8% as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2023 was 4.4% as compared to a lapse rate of 4.3% for 2022. The 2024 lapse rate to date has been approximately the same as 2023.

The combined statutory capital and surplus of the Company's life insurance subsidiaries was ~~\$110,239,000~~ \$114,667,000 and \$107,385,000 as of ~~March 31, 2024~~ June 30, 2024, and December 31, 2023, respectively. The life insurance subsidiaries cannot pay a dividend to their parent company without the approval of state insurance regulatory authorities.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

**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.**

**Item 4. Controls and Procedures.**

**Disclosure Controls and Procedures**

As of ~~March 31, 2024~~ June 30, 2024, 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 ~~March 31, 2024~~ June 30, 2024, 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.**

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**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 15, 2024 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, with purchases to commence no sooner than Stock. Purchases commenced May 15, 2024. The agreement is subject to the daily time, price and volume conditions of Rule 10b-18. The agreement expires on December 31, 2024.

The following table shows the Company's repurchase activity during the three month period ended March 31, 2024 June 30, 2024 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)
1/1/2024-1/31/2024		\$		318,043
2/1/2024-2/29/2024		\$		318,043
3/1/2024-3/31/2024		\$		318,043
<b>Total</b>		<b>\$</b>		<b>318,043</b>
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)
4/1/2024-4/30/2024	-	\$ -	-	318,043
5/1/2024-5/31/2024	51,387	\$ 7.99	-	266,656
6/1/2024-6/30/2024	72,044	\$ 8.18	-	194,612
<b>Total</b>	<b>123,431</b>	<b>\$ 8.08</b>	<b>-</b>	<b>194,612</b>

(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.**

None.

**Item 5. Other Information.**

**Disclosure of Trading Arrangements**

During the three months ended June 30, 2024, 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**

**(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

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[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: **May 14, 2024** **August 14, 2024**

*/s/ Scott M. Quist*

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

Dated: **May 14, 2024** **August 14, 2024**

*/s/ Garrett S. Sill*

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

**68 75**

**EXHIBIT** **EXHIBIT 21**

### SUBSIDIARIES OF THE REGISTRANT AS OF **MARCH 31, JUNE 30, 2024**

#### Life Insurance Segment

Security National Life Insurance Company  
Reppond Holding Company  
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.  
SN Farmington LLC  
434 Holdings LLC  
5300 Development LLC  
Ascension 5204 LLC  
Ascension 433 LLC  
SN Diamond LLC  
Security National Real Estate Services, Inc. dba Security National Commercial Capital  
Marketing Source Center, Inc. dba Security National Travel Services  
SNFC Subsidiary, LLC  
American Funeral Financial, LLC  
FFC Acquisition Co., LLC dba Funeral Funding Center  
Canadian Funeral Financial, LLC  
Mortician's Choice, LLC  
C & J Financial, LLC  
Beta Capital Corp.  
Beneficiary Advance LLC  
MFN Capital LLC  
SNCH Venture LLC  
SNW-HAFB LLC  
SNH Investments LLC  
SNMA Properties LLC  
SNMA-AR LLC  
SNMA-AR2 LLC  
**SNMA-PF LLC**  
SNMC-SC LLC  
SNA Venture LLC  
SNA-AM LLC  
SNA-CM LLC  
SNA-DM LLC  
SNA-MB LLC  
SNA-MV LLC  
SNA-RVP LLC  
**SNA-RVP2 LLC**  
SNA-SE LLC  
SNA-SR LLC  
SNA-SW LLC  
SNA-TM LLC

SNA-TR LLC  
SNA-TR2 LLC  
SNA-WL2 LLC  
**SNA-HAFB LLC**

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Mortgage Segment

SecurityNational Mortgage Company  
EverLEND Mortgage Company  
SN-TLV LLC  
SN Sunset LLC

Cemetery/Mortuary Segment

California Memorial Estates, Inc. dba Singing Hills Memorial Park  
Holladay Memorial Park, Inc.  
Cottonwood Mortuary, Inc.  
Deseret Memorial, Inc.  
Holladay Cottonwood Memorial Foundation  
Memorial Estates, Inc.  
Paradise Sunset Chapel Funeral Home, Inc.  
Greer-Wilson Funeral Home, Inc.  
SN Silver Creek LLC  
Memorial Mortuary, Inc.  
Affordable Funerals and Cremations of America, Inc.  
SN Pobst LLC  
SN-Holbrook LLC  
SN-Rivera LLC  
SNR-LA LLC  
SNR-Taos LLC  
SNR-SF Cemetery LLC  
SNR-SF Mortuary LLC  
SNR-Espanola LLC  
SN Mapleton LLC

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**EXHIBIT EXHIBIT 31.1**

**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: **May 14, 2024** **August 14, 2024**

*/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: **May 14, 2024** **August 14, 2024**

*/s/ Garrett S. Sill*

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

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**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 **March 31, 2024** **June 30, 2024**, 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: **May 14, 2024** **August 14, 2024**

*/s/ Scott M. Quist*

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

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**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 **March 31, 2024** **June 30, 2024**, 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: **May 14, 2024** **August 14, 2024**

*/s/ Garrett S. Sill*

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

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