

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name SECURITY NATIONAL FINANCIAL CORPORATION, INC.		2 Issuer's employer identification number (EIN) 87-0345941	
3 Name of contact for additional information GARRETT S. SILL	4 Telephone No. of contact 801-264-1060	5 Email address of contact CONTACT@SECURITYNATIONAL.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 5300 SOUNT 360 WEST, SUITE 250		7 City, town, or post office, state, and Zip code of contact SALT LAKE CITY, UT 84123	
8 Date of action AUGUST 1, 2014		9 Classification and description COMMON STOCK REVERSE SPLIT	
10 CUSIP number 814785408	11 Serial number(s) N/A	12 Ticker symbol N/A	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **ON AUGUST 1, 2014, SECURITY NATIONAL FINANCIAL CORPORATION, INC. (THE COMPANY) AMENDED ITS ARTICLES OF INCORPORATION TO EFFECT A 1-FOR-10 REVERSE STOCK SPLIT OF THE COMPANY'S CLASS C COMMON STOCK. PURSUANT TO THE REVERSE STOCK SPLIT, EVERY TEN SHARES OF ISSUED AND OUTSTANDING CLASS C COMMON STOCK OR OPTION TO ACQUIRE CLASS C COMMON STOCK WAS COMBINED INTO ONE SHARE OF CLASS C COMMON STOCK OR OPTION TO ACQUIRE CLASS C COMMON STOCK. NO FRACTIONAL SHARES WERE ISSUED. SHAREHOLDERS WHO WOULD OTHERWISE HOLD A FRACTIONAL SHARE RECEIVED ONE ADDITIONAL CLASS C COMMON SHARE.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **IN GENERAL, AS A RESULT OF THE REVERSE STOCK SPLIT, THE TAX BASIS OF EACH CLASS C SHARE RECEIVED IN THE EXCHANGE WILL EQUAL THE TAX BASIS OF THE TEN SHARES SURRENDERED IN THE EXCHANGE. THE AGGREGATE TAX BASIS OF THE POST-SPLIT SHARES IS EQUAL TO THE PRE-SPLIT SHARE BASIS EXCHANGED THEREFOR.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **SEE ITEM 15 ABOVE.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC SECTIONS: 354(a)(1), 358(a)(1) and 368(a)(1)(E)

18 Can any resulting loss be recognized? ▶ **IN GENERAL, NO GAIN OR LOSS IS RECOGNIZED ON THE EXCHANGE OF THE COMPANY'S CLASS C COMMONS SHARES IN THE REVERSE STOCK SPLIT. SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE POTENTIAL TAX CONSEQUENCES TO THEM OF THE REVERSE STOCK SPLIT.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **THE REPORTABLE TAX YEAR IS 2014 FOR SHAREHOLDERS REPORTING TAXABLE INCOME ON A CALENDAR YEAR BASIS. FOR SHAREHOLDERS REPORTING TAXABLE INCOME ON A BASIS OTHER THAN THE CALENDAR YEAR, THE REPORTING TAXABLE YEAR IS THE SHAREHOLDER'S TAX YEAR THAT INCLUDES AUGUST 1, 2014.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 20 August 2014
Print your name ▶ GARRETT S. SILL Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	