

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q

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

For Quarter Ended March 31, 2004

Commission File Number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION
Exact Name of Registrant.

UTAH

87-0345941

(State or other jurisdiction of
incorporation or organization)

IRS Identification Number

5300 South 360 West, Salt Lake City, Utah

84123

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including Area Code

(801) 264-1060

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by 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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock, \$2.00 par value

5,054,906

Title of Class

Number of Shares Outstanding
as of March 31, 2004

Class C Common Stock, \$.20 par value

6,260,793

Title of Class

Number of Shares Outstanding
as of March 31, 2004

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED MARCH 31, 2004

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

	Three Months Ended March 31,	
	2004	2003
Revenues:		
-----	-----	-----
Insurance premiums and other considerations	\$6,396,174	\$5,864,427
Net investment income	3,556,247	3,920,372
Net mortuary and cemetery sales	3,056,405	2,584,856
Realized gains on investments and other assets	5,323	--
Mortgage fee income	18,068,730	21,755,920
Other	190,038	124,122
	-----	-----
Total revenues	31,272,917	34,249,697
	-----	-----
Benefits and expenses:		
Death benefits	3,772,951	3,818,319
Surrenders and other policy benefits	479,839	605,156
Increase in future policy benefits	1,868,732	1,416,571
Amortization of deferred policy acquisition costs and cost of insurance acquired	1,199,275	958,895
General and administrative expenses:		
Commissions	14,207,056	15,850,637
Salaries	3,581,644	3,222,391
Other 4,692,879	4,620,111	
Interest expense	365,323	823,468
Cost of goods and services sold of the mortuaries and cemeteries	597,532	560,867
	-----	-----
Total benefits and expenses	30,765,231	31,876,415
	-----	-----
Earnings before income taxes	507,686	2,373,282
Income tax expense	(128,118)	(667,542)
Minority interest (income) loss of subsidiary	22,014	(20,690)
	-----	-----
Net earnings	\$401,582	\$1,685,050
	=====	=====
Net earnings per common share	\$.07	\$.32
	====	====
Weighted average outstanding common shares	5,659,501	5,284,966
	=====	=====
Net earnings per common share-assuming dilution	\$.07	\$.31
	====	====
Weighted average outstanding common shares assuming-dilution	5,819,608	5,498,651
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	March 31, 2004 (Unaudited)	December 31, 2003
Assets:		
Insurance-related investments:		
Fixed maturity securities held to maturity, at amortized cost	\$48,283,709	\$37,293,989
Fixed maturity securities available for sale, at market	14,275,436	14,270,037
Equity securities available for sale, at market	4,021,530	3,453,444
Mortgage loans on real estate	45,293,794	29,914,745
Real estate, net of accumulated depreciation and allowances for losses	8,960,356	8,519,680
Policy, student and other loans	12,036,575	11,753,617
Short-term investments	4,063,908	2,054,248
	-----	-----
Total insurance-related investments	136,935,308	107,259,760
	-----	-----
Restricted assets of cemeteries and mortuaries	4,988,732	4,745,709
	-----	-----
Cash	10,489,014	19,704,358
	-----	-----
Receivables:		
Trade contracts	10,180,404	8,600,212
Mortgage loans sold to investors	95,467,897	114,788,185
Receivable from agents	1,212,345	1,318,958
Receivable from officers	30,040	37,540
Other	1,235,752	1,086,523
	-----	-----
Total receivables	108,126,438	125,831,418
Allowance for doubtful accounts	(1,702,294)	(1,706,678)
	-----	-----
Net receivables	106,424,144	124,124,740
	-----	-----
Policyholder accounts on deposit with reinsurer	6,791,615	6,795,983
Land and improvements held for sale	8,382,172	8,387,061
Accrued investment income	1,504,938	1,142,690
Deferred policy and pre-need acquisition costs	18,034,186	17,202,489
Property, plant and equipment, net	10,911,684	11,009,416
Cost of insurance acquired	14,976,979	14,980,763
Excess of cost over net assets of acquired subsidiaries	683,191	683,191
Other	935,072	873,424
	-----	-----
Total assets	\$321,057,035	\$316,909,584
	=====	=====

See accompanying notes to consolidated financial statements.

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

	March 31, 2004 (Unaudited)	December 31, 2003
Liabilities:		
Future life, annuity, and other policy benefits	\$221,698,731	\$218,793,693
Unearned premium reserve	2,095,961	1,945,203
Bank loans payable	14,092,531	14,422,670
Notes and contracts payable	3,208,994	3,440,694
Deferred pre-need cemetery and funeral contracts revenues and estimated future cost of pre-need sales	10,432,002	10,520,280
Accounts payable	1,087,283	1,274,183
Funds held under reinsurance treaties	1,295,470	1,294,589
Other liabilities and accrued expenses	12,139,378	11,171,368
Income taxes	11,161,244	10,914,845
	277,211,594	273,777,525
	--	--
Commitments and contingencies		
Minority interest	3,966,454	3,956,628
Stockholders' Equity:		
Common stock:		
Class A: \$2.00 par value, authorized 10,000,000 shares, issued 6,331,424 shares in 2004 and 6,275,104 shares in 2003	12,662,848	12,550,208
Class C: \$0.20 par value, authorized 7,500,000 shares, issued 6,336,129 shares in 2004 and 6,469,638 shares in 2003	1,267,226	1,293,927
	13,930,074	13,844,135
Additional paid-in capital	13,812,892	13,569,582
Accumulated other comprehensive income (loss) and other items, net of deferred taxes	(136,072)	(437,973)
Retained earnings	15,487,087	15,414,681
Treasury stock at cost (1,276,518 Class A shares and 75,336 Class C shares in 2004; 1,276,518 Class A shares and 75,336 Class C shares in 2003, held by affiliated companies)	(3,214,994)	(3,214,994)
	39,878,987	39,175,431
Total stockholders' equity		
	\$321,057,035	\$316,909,584

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31, 2004	2003
	----	----
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	\$21,000,620	\$(4,971,582)
	-----	-----
Cash flows from investing activities:		
Securities held to maturity:		
Purchase - fixed maturity securities	(12,026,957)	(5,030,844)
Calls and maturities - fixed maturity securities	2,579,486	2,287,170
Securities available for sale:		
Calls and maturities - fixed maturity securities	--	360,000
Purchases of short-term investments	(8,762,251)	(3,158,367)
Sales of short-term investments	6,164,882	2,918,507
Purchases of restricted assets	(91,594)	(98,963)
Mortgage, policy, and other loans made	(22,714,986)	(2,023,372)
Payments received for mortgage, real estate, policy, and other loans	7,554,722	3,581,015
Purchases of property, plant, and equipment	(296,546)	(253,304)
Purchases of real estate	(488,312)	(313,750)
Purchase of subsidiary	(297,994)	--
Sale of real estate	--	230,085
	-----	-----
Net cash (used in) provided by investing activities	(28,379,550)	(1,501,823)
	-----	-----
Cash flows from financing activities:		
Annuity and pre-need contract receipts	1,348,322	1,454,211
Annuity and pre-need contract withdrawals	(2,544,563)	(2,432,515)
Repayment of bank loans and notes and contracts payable	(640,173)	(477,780)
Other	--	25,200
	-----	-----
Net cash (used in) provided by financing activities	(1,836,414)	(1,430,884)
	-----	-----
Net change in cash	(9,215,344)	(7,904,289)
Cash at beginning of period	19,704,358	38,199,041
	-----	-----
Cash at end of period	\$10,489,014	\$30,294,752
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004 (Unaudited)

1. Basis of Presentation

The accompanying unaudited 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 Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2004, are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2003, included in the Company's Annual Report on Form 10-K (file number 0-9341).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The estimates susceptible to significant change are those used in determining the liability for future policy benefits and claims, those used in determining valuation allowances for mortgage loans on real estate, and those used in determining the estimated future costs for pre-need sales. Although some variability is inherent in these estimates, management believes the amounts provided are adequate.

2. Comprehensive Income

For the three months ended March 31, 2004 and 2003, total comprehensive income (loss) amounted to \$703,483 and \$(300,228), respectively.

3. Stock-Based Compensation

The Company accounts for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation". In accordance with the provisions of SFAS 123, the Company has elected to continue to apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"), and related interpretations in accounting for its stock option plans. In accordance with APB Opinion No. 25, no compensation cost has been recognized for these plans. Had compensation cost for these plans been determined based upon the fair value at the grant date consistent with the methodology prescribed under SFAS No. 123. Net earnings for the three months ended March 31, 2004 and 2003 would have been reduced by the following:

	Three Months Ended March 31,	
	2004	2003
	----	----
Net earnings as reported	\$401,582	\$1,685,050
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	--	(133,000)
	-----	-----
Pro forma net earnings	\$401,582	\$1,552,050
	=====	=====

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004 (Unaudited)

	Three Months Ended March 31,	
	2004	2003
	----	----
Net earnings per common share:		
Basic - as reported	\$.07	\$0.32
	=====	=====
Basic - pro forma	\$.07	\$0.29
	=====	=====
Diluted - as reported	\$.07	\$0.31
	=====	=====
Diluted - pro forma	\$.07	\$0.28
	=====	=====

4. Earnings Per Share

The basic and diluted earnings per share amounts were calculated as follows:

	Three Months Ended March 31,	
	2004	2003
	----	----
Numerator:		
Net income	\$401,582	\$1,685,050
	=====	=====
Denominator:		
Denominator for basic earnings per share- weighted-average shares	5,659,501	5,284,966
	-----	-----
Effect of dilutive securities:		
Employee stock options	158,241	208,961
Stock appreciation rights	1,866	4,724
	-----	-----
Dilutive potential common shares	160,107	213,685
	-----	-----
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	5,819,608	5,498,651
	=====	=====
Basic earnings per share	\$.07	\$.32
	=====	=====
Diluted earnings per share	\$.07	\$.31
	=====	=====

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004, (Unaudited)

5. Business Segment

	Life Insurance	Cemetery/ Mortuary	Mortgage	Reconciling Items	Consolidated
For the Three Months Ended March 31, 2004 -----					
Revenues from external customers	\$ 8,357,223	\$3,226,386	\$19,689,308	--	\$31,272,917
Intersegment revenues	2,373,013	--	--	(2,373,013)	--
Segment profit (loss) before income taxes	433,208	347,749	(273,266)	--	507,686
Identifiable assets	305,088,724	44,736,652	20,357,961	(49,126,302)	321,057,035
For the Three Months Ended March 31, 2003 -----					
Revenues from external customers	\$ 7,436,122	\$2,840,813	\$23,972,762	--	\$34,249,697
Intersegment revenues	2,273,273	--	--	(2,273,273)	--
Segment profit (loss) before income taxes	(112,461)	(97,279)	2,583,022		2,373,282
Identifiable assets	296,535,351	42,785,025	18,071,543	(44,634,629)	312,757,290

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004, (Unaudited)

6. Recent Acquisition

On March 16, 2004, with the approval of the Louisiana Insurance Department, Security National Life Insurance Company purchased all of the outstanding common stock of Paramount Security Life Insurance Company, a Louisiana domiciled company (Paramount) located in Shreveport, Louisiana. As of December 31, 2003, Paramount had 9,383 policies in force and approximately, 29 agents. The purchase consideration was \$4,397,994 and was effective January 26, 2004. For the year ended December 31, 2003, Paramount had revenues of \$614,000 and net income of \$76,000. As of December 31, 2003, statutory assets and capital and surplus were \$6,073,000 and \$4,100,000, respectively.

Paramount is licensed in the State of Louisiana and is permitted to appoint agents who do not have a full life insurance license. These agents are limited to selling small life insurance policies in the final expense market. The Company believes that with this license it will be able to expand its operations in Louisiana. The Company is planning on servicing Paramount policyholders out of its Jackson, Mississippi office, and has closed the Shreveport office.

7. Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51", and subsequently issued a revision to this Interpretation in December 2003. This Interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies to those variable interest entities considered to be special-purpose entities no later than December 31, 2003. The Interpretation must also be applied to all other variable interest entities no later than March 31, 2004. The adoption of Interpretation No. 46 did not have a material impact on the Company's financial position or results of operations.

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

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Overview

The Company's operations over the last several years generally reflect three trends or events which the Company expects to continue: (i) increased attention to "niche" insurance products, such as the Company's funeral plan policies and traditional whole-life products; (ii) emphasis on cemetery and mortuary business; and (iii) capitalizing on lower interest rates by originating and refinancing mortgage loans.

During the three months ended March 31, 2004, Security National Mortgage Company ("SNMC") experienced a decrease in revenue and expenses due to the decrease in loan volume of its operations. SNMC is a mortgage lender incorporated under the laws of the State of Utah. SNMC is approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), to originate mortgage loans that qualify for government insurance in the event of default by the borrower. SNMC obtains loans primarily from independent brokers and correspondents. SNMC funds the loans from internal cash flows and lines of credit from financial institutions. SNMC receives fees from the borrowers and other secondary fees from third party investors who purchase the loans from SNMC. SNMC primarily sells all of its loans to third party investors and does not retain servicing to these loans. SNMC pays the brokers and correspondents a commission for loans that are brokered through SNMC. SNMC originated and sold 3,291 (\$496,307,000) and 4,130 (\$600,313,000) loans, respectively, for the three months ended March 31, 2004 and 2003.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004, (Unaudited)

Results of Operations

Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003

Total revenues decreased by \$2,977,000, or 8.7%, to \$31,273,000 for the three months ended March 31, 2004, from \$34,250,000 for the three months ended March 31, 2003. Contributing to this decrease in total revenues was a \$3,687,000 decrease in mortgage fee income, and a \$364,000 decrease in net investment income.

Insurance premiums and other considerations increased by \$532,000, or 9.1%, to \$6,396,000 for the three months ended March 31, 2004, from \$5,864,000 for the comparable period in 2003. This increase was primarily due to the additional insurance premiums that were realized on new insurance sales.

Net investment income decreased by \$364,000, or 9.3%, to \$3,556,000 for the three months ended March 31, 2004, from \$3,920,000 for the comparable period in 2003. This decrease was primarily attributable to reduced borrower interest income on fewer mortgage loans originated by Security National Mortgage Company during the quarter.

Net mortuary and cemetery sales increased by \$472,000, or 18.2%, to \$3,056,000 for the three months ended March 31, 2004, from \$2,585,000 for the comparable period in 2003. This increase was primarily due to additional at-need cemetery and mortuary sales.

Mortgage fee income decreased by \$3,687,000, or 16.9%, to \$18,069,000 for the three months ended March 31, 2004, from \$21,756,000 for the comparable period in 2003. This decrease was primarily attributable to a decrease in the number of loan originations during the three months of 2004 due to an increase in interest rates resulting in fewer borrowers refinancing their mortgage loans.

Total benefits and expenses were \$30,765,000, or 98.4%, of total revenues for the three months ended March 31, 2004, as compared to \$31,876,000, or 93.1%, of total revenues for the comparable period in 2003. The lower margin in 2004 is due to fixed expenses, which did not decrease proportionally with the drop in revenue.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of \$282,000, or 4.8%, to \$6,122,000 for the three months ended March 31, 2004, from \$5,840,000 for the comparable period in 2003. This increase was primarily the result of an increase in reserves for policyholders.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by \$240,000, or 25.1%, to \$1,199,000 for the three months ended March 31, 2004, from \$959,000 for the comparable period in 2003. This increase was primarily due to the additional insurance premiums for the period.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004, (Unaudited)

General and administrative expenses decreased by \$1,211,000, or 5.1%, to \$22,482,000 for the three months ended March 31, 2004, from \$23,693,000 for the comparable period in 2003. This decrease primarily resulted from a decrease in commissions due to fewer mortgage loan originations having been made by Security National Mortgage Company during the three months of 2003.

Interest expense decreased by \$458,000, or 55.6%, to \$365,000 for the three months ended March 31, 2004, from \$823,000 for the comparable period in 2003. This decrease was primarily due to reduced warehouse lines of credit required for fewer mortgage loan originations by Security National Mortgage Company.

Cost of goods and services sold of the mortuaries and cemeteries increased by \$37,000, or 6.5%, to \$598,000 for the three months ended March 31, 2004, from \$561,000 for the comparable period in 2003. This increase was primarily due to increased costs of funeral products.

Liquidity and Capital Resources

The Company's life insurance subsidiaries and cemetery and mortuary subsidiaries realize cash flow from premiums, contract payments and sales on personal services rendered for cemetery and mortuary business, from interest and dividends on invested assets, and from the proceeds from the maturity of held-to-maturity investments, or sale of other investments. The mortgage subsidiary realizes cash flow from fees generated by originating and refinancing mortgage loans and interest earned on mortgages sold to investors. The Company considers these sources of cash flow to be adequate to fund future policyholder and cemetery and mortuary liabilities, which generally are long-term, and adequate to pay current policyholder claims, annuity payments, expenses on the issuance of new policies, the maintenance of existing policies, debt service, and operating expenses.

The Company attempts to match the duration of invested assets with its policyholder and cemetery and mortuary liabilities. The Company may sell investments other than those held-to-maturity in the portfolio to help in this timing; however, to date, that has not been necessary. The Company purchases short-term investments on a temporary basis to meet the expectations of short-term requirements of the Company's products.

The Company's investment philosophy is intended to provide a rate of return, which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominantly in fixed maturity securities, mortgage loans, and warehouse mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiaries. Bonds owned by the life insurance subsidiaries amounted to \$62,559,000 as of March 31, 2004, compared to \$51,564,000 as of December 31, 2003. This represents 46% and 48% of the total insurance-related investments as of March 31, 2004, and December 31, 2003, 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. At March 31, 2004 and December 31, 2003, 2% (\$1,315,000) and 3% (\$1,739,000) of the Company's total investment in bonds were invested in bonds in rating categories three through six, which are considered non-investment grade.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2004, (Unaudited)

The Company has classified certain of its fixed income securities, including high-yield securities, in its portfolio as available for sale, with the remainder classified as held to maturity. However, in accordance with Company policy, any such securities purchased in the future will be classified as held to maturity. Business conditions, however, may develop in the future which may indicate a need for a higher level of liquidity in the investment portfolio. In that event the Company believes it could sell short-term investment grade securities before liquidating higher-yielding longer-term securities.

The Company is 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. At March 31, 2004, and December 31, 2003, the life insurance subsidiary exceeded the regulatory criteria.

The Company's total capitalization of stockholders' equity and bank debt and notes payable was \$57,181,000 as of March 31, 2004, as compared to \$57,039,000 as of December 31, 2003. Stockholders' equity as a percent of capitalization increased to 70% as of March 31, 2004, from 69% as of December 31, 2003.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2003 was 8.6% as compared to a rate of 10.7% for 2002. The 2004 lapse rate to date has been approximately the same as 2003.

At March 31, 2004, \$27,550,064 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes since the annual report Form 10-K filed for the year ended December 31, 2003.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures - The Company's principal executive officer and principal financial officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 240.13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this quarterly report. Based on that evaluation, the principal executive officer and the principal financial officer have concluded that the Company's disclosure controls and procedures are effective, providing them with material information relating to the Company as required to be disclosed in the reports the Company files or submits under the Exchange Act on a timely basis.

(b) Changes in internal controls - There were no significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect the Company's internal controls and procedures subsequent to the date of their most recent evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. As a result, no corrective actions were required or undertaken.

Part II Other Information:

Item 1. Legal Proceedings

An action was brought against the Company in May 2001, by Glenna Brown Thomas individually and as personal representative of the Estate of Lynn W. Brown in the Third Judicial Court, Salt Lake County, Utah. The action asserts that Memorial Estates delivered to Lynn W. Brown six stock certificates representing 2,000 shares in 1970 and 1971. Mr. Brown died in 1972. It is asserted that at the time the 2,000 shares were issued and outstanding, such represented a 2% ownership of Memorial Estates. It is alleged Mr. Brown was entitled to preemptive rights and that after the issuance of the stock to Mr. Brown there were further issuances of stock without providing written notice to Mr. Brown or his estate with respect to an opportunity to purchase more stock.

It is also asserted among other things that Thomas "has the right to a transfer of Brown's shares to Thomas on defendants' (which includes Security National Financial Corporation as well as Memorial Estates, Inc.) books and to restoration of Brown's proportion of share ownership in Memorial at the time of his death by issuance and delivery to Thomas of sufficient shares of defendant's publicly traded and unrestricted stock in exchange for the 2,000 shares of Memorial stock and payment of all dividends from the date of Thomas's demand, as required by Article XV of the Articles of Incorporation." The formal discovery cutoff was January 15, 2004. The Company has been verbally informed that Thomas will dismiss the case but such has not been communicated in writing. Until the foregoing actually happens, the Company intends to vigorously defend the matter, including an assertion that the statute of limitations bars the claims.

An action was brought against Southern Security Life Insurance Company by National Group Underwriters, Inc. ("NGU") in state court in the State of Texas. The case was removed by the Company to the United States District Court for the Northern District of Texas, Fort Worth Division, with Civil No. 4:01-CV-403-E. An amended complaint was filed on or about July 18, 2001. The amended complaint asserted that NGU had a contract with the Company wherein NGU would submit applications for certain policies of insurance to be issued by the Company. It was alleged that disputes had arisen between NGU and the Company with regard to the calculation and payment of certain commissions as well as certain production bonuses.

NGU alleged that it had been damaged far in excess of the \$75,000 minimum jurisdictional limits of the federal court. NGU also sought attorney's fees and costs as well as prejudgment and post judgment interest. A second amended complaint and a third amended complaint, which included a fraud claim, were filed. A motion was filed by the Company to dismiss the third amended complaint, including the fraud claim. The court denied the motion. The Company counterclaimed for what it claimed to be a debit balance owing to it pursuant to the relationship between the parties (the amount subject to reduction as premiums are received). The Company also sought to recover attorney's fees and costs, as well as punitive damages on three of its causes of action in the counterclaim.

Following initial discovery, the federal case was dismissed by stipulation. The matter was refiled in Texas state court, Tarrant County, Case No. 348 195490 02. The claims of the respective parties are essentially the same as those in federal court, which claims include fraudulent inducement relative to entering into a contract, fraud, breach of contract, breach of duty of good faith and fair dealing, attorney's fees and exemplary damages as well as seeking an accounting and contesting the interest charges. Certain discovery has taken place, including depositions, since the filing again in state court and further discovery is in process and is anticipated. The Company filed a motion for partial summary judgment with respect to certain items in the counterclaim, which motion was denied. A trial is presently set for October 2004. The Company intends to vigorously defend the matter as well as prosecute its counterclaim.

The Company is not a party to any other legal proceedings outside the ordinary course of the Company's business or to any other legal proceedings, which, if adversely determined, would have a material adverse effect on the Company or its business.

Item 2. Changes in Securities and Use of Proceeds

NONE

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters to a Vote of Security Holders

NONE

Item 5. Other Information

NONE

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3.1. Articles of Restatement of Articles of Incorporation (8) 3.2. Amended Bylaws (11)

4.1. Specimen Class A Stock Certificate (1) 4.2. Specimen Class C Stock Certificate (1)

4.3. Specimen Preferred Stock Certificate and Certificate of Designation of preferred Stock (1)

10.1 Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)

10.2 1993 Stock Option Plan (3)

10.3 2000 Director Stock Option Plan (5)

10.4 2003 Stock Option Plan (10)

10.5 Deferred Compensation Agreement with George R. Quist (2)

10.6 Employment Agreement with Scott M. Quist. (4)

10.7 Promissory Note with George R. Quist (6)

10.8 Deferred Compensation Plan (7)

10.9 Coinsurance Agreement between Security National Life and Acadian (8)

10.10 Assumption Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company (8)

10.11 Asset Purchase Agreement between Acadian, Acadian Financial Group, Inc., Security National Life and the Company (8)

10.12 Promissory Note with Key Bank of Utah (9)

10.13 Loan and Security Agreement with Key Bank of Utah (9)

10.14 Stock Purchase and Sale Agreement with Ault Glazer & Co. Investment Management LLC (11)

10.15 Stock Purchase Agreement with Paramount Security Life Insurance Company (12)

10.16 Reinsurance Agreement between Security National Life Insurance Company and Guaranty Income Life Insurance Company (13)

10.17 Employment agreement with J. Lynn Beckstead, Jr. (13)

- 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
- (1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987
 - (2) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1989
 - (3) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1994
 - (4) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1998
 - (5) Incorporated by reference from Schedule 14A Definitive Proxy Statement, filed August 29, 2000, relating to the Company's Annual Meeting of Shareholders
 - (6) Incorporated by reference from Annual Report on Form 10-K, as filed on April 16, 2001
 - (7) Incorporated by reference from Annual Report on Form 10-K, as filed on April 3, 2002
 - (8) Incorporated by reference from Report on Form 8-K-A as filed on January 8, 2003
 - (9) Incorporated by reference from Annual Report on Form 10-K, as filed on April 15, 2003
 - (10) Incorporated by reference from Schedule 14A Definitive Proxy Statement, Filed on June 5, 2003 relating to the Company's Annual Meeting of Shareholders
 - (11) Incorporated by reference from Report on Form 10-Q, as filed on November 14, 2003 (12) Incorporated by reference from Report on Form 8-K, as filed on March 29, 2004 (13) Incorporated by reference from Report on Form 10-K, as filed on March 30, 2004

Subsidiaries of the Registrant

(b) Reports on Form 8-K:

None

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 15, 2004

By: George R. Quist,

Chairman of the Board and Chief
Executive Officer
(Principal Executive Officer)

DATED: May 15, 2004

By: Stephen M. Sill

Vice President, Treasurer and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ENACTED BY
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, George R. Quist, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers 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)) for the registrant to 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) 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

(c) 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 officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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

Date: May 15, 2004

By: George R. Quist
Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ENACED BY
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Sill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer 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)) for the registrant to 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) 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

(c) 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 officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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

Date: May 15, 2004

By: Stephen M. Sill
Vice President, Treasurer and
Chief Financial Officer

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10Q for the period ending March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Quist, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

By: George R. Quist
Chief Executive Officer
May 15, 2004

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10Q for the period ending March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Sill, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

By: Stephen M. Sill
Chief Financial Officer
May 15, 2004