2023

ANNUAL REPORT

SECURITY NATIONAL
FINANCIAL CORPORATION

Security National

Family of Companies

Security National

Family of Companies

Who We Are...

The roots of our company were planted deep in 1965 with the founding of Security National Life Insurance Company. Starting with only $543,000 in assets, in a small rented house in Salt Lake City, Utah, Security National has grown into a strong industry leader in several fields of service.

Over the past five decades we have grown consistently through new sales and investment opportunities, and through the acquisition of life insurance companies, funeral homes and cemeteries, as well as the formation and growth of our mortgage operations.

Profile

Our company operates three main business segments: life insurance, funeral service and mortgage lending. Our company is designed and structured so each segment relates to the others, and contributes to the profitability of the whole. For example, our cemetery and mortuary operations enjoy a high level of public awareness, assisting in the sales and marketing of our insurance and preneed cemetery and funeral products. Our life insurance company in turn invests its assets in high quality mortgage loans. Thus, while each segment is a stand-alone profit center, this horizontal integration is strategically planned to improve profitability. Additionally, our company actively pursues growth through acquisitions of life insurance companies and mortuaries, and through expanding our mortgage operations.

Scott M. Quist
Chairman of the Board
Chief Executive Officer
President

My Fellow Shareholders:

I am pleased to report on the affairs of our Company for the year ended December 31, 2023, and invite you to attend the annual Stockholders Meeting to be held Friday June 21, 2024, in Salt Lake City, Utah at the Company's offices.

2023 was a year where the financial balance of our company demonstrated itself. With the increasing interest rates and improving premium margins our Insurance Segment had its best operational year ever earning $25,000,000. As death rates stabilized throughout 2023, and as we implemented renewed emphasis on operational efficiencies, our Cemetery and Mortuary Segment had its best year ever earning nearly $8,500,000. Needless to say, we are very pleased with those results.

However, the increased interest rates continued to have a devastating effect on our mortgage business with volumes falling roughly an additional 35% below 2022's already decreased markets with the net result being that our Mortgage Segment lost $17,500,000. Despite that loss, I thought our team battled the market conditions extraordinarily well and positioned ourselves to take advantage of a very distraught mortgage market. I think it worthy to remember that in the three years 2020 to 2022 our Mortgage Segment produced $98,000,000 of profit, so we think the goal is worthy of our current efforts.

We remain committed to the task of growth and improved profitability. We view this current economic uncertainty as a time to improve and expand in all our segments. In this tough mortgage loan environment we have necessarily greatly slimmed down our office staffs, both pruned and increased our number of producing loan officers, while emphasizing cost efficiencies and metrics. In our Insurance Segment we have increased premium rates and have initiated better measurement metrics for mortality, persistency, and acquisition costs. In our Memorial Segment we have added key personnel who we believe will drive growth and improve operations. To be sure, growth in this environment is expensive, but is nevertheless our goal.

I thank you for your continued support and I hope to see you at our Annual Meeting.

Very truly yours,

Scott M. Quist
Chairman, Chief Executive Officer, and President

SNFC Board of Directors and Officers

Scott M. Quist
Chairman of the Board
President
Chief Executive Officer
Director
Executive Committee

H. Craig Moody
President, Moody & Associates
Director
Executive Committee
Audit Committee
Compensation Committee
Nominating and Corporate
Governance Committee

Robert G. Hunter M.D.
Past Medical Staff President
Department Head-Otolaryngology,
Head and Neck Surgery
Intermountain Medical Center
Director
Compensation Committee
Nominating and Corporate
Governance Committee

Gilbert A. Fuller
Former Executive Vice President,
Chief Financial Officer and Secretary,
USANA Health Sciences, Inc.
Director
Executive Committee
Audit Committee
Compensation Committee
Nominating and Corporate
Governance Committee

John L. Cook
Co-Owner & Operator
Cook Brothers Painting, Inc.
Director
Audit Committee
Compensation Committee
Nominating and Corporate
Governance Committee

S. Andrew Quist
Director
President of Mortgage Operations
General Counsel
Executive Committee

Jason G. Overbaugh
Director
Vice President
National Marketing Director
of Life Insurance

Mia B. Love
Former Member - U.S. House of Representatives
Former Mayor of Saratoga Springs, UT
Former Member - Saratoga Springs City Council
Senior Fellow - U.S. Study Center for Politics (Sydney, AU)
Regular Political Commentator - CNN
Director
Audit Committee
Compensation Committee
Nominating and Corporate
Governance Committee

Alexandra Mysoor
Founder and Chairwoman of Mysoor Industries
Founder and Chief Executive Officer of Alix
Director
Audit Committee
Compensation Committee
Nominating and Corporate
Governance Committee

Adam G. Quist
Director
President of Memorial Services
President of Life Insurance
Assistant Secretary
General Counsel

Jeffrey R. Stephens
Secretary
Senior General Counsel

Garrett S. Sill
Chief Financial Officer
Treasurer

Diana C. Olson
Vice President
Finance

Thayne D. Atkinson
Vice President
Chief Information Officer

Richard R. Dahl
Vice President
Tax

Jeffrey P. Adams
Controller

Matthew G. Bagley
General Counsel

1965

1965 - The founding of Security National Life Insurance Company
1966 - The acquisition of Grand Canyon Life
1967 - The acquisition of Bankers Trust Life
1969 - The acquisition of American Alliance Life

1970

1970 - The acquisition of Charter Oak Life & Washington Life Assurance
1972 - The acquisition of Columbia Life
1973 - The acquisition of National Capital Life and Memorial Estates Companies
1979 - The organization of Security National Financial Corporation

1980

1981 - The acquisition of American Home Security Life
1984 - The acquisition of Western Investors policy block
1985 - The acquisition of Del Pueblo Life policy block and Cibola Life policy block
1986 - The acquisition of Investors Equity Life
1987 - IPO of Security National Financial Corporation and the acquisition of Southwest American policy block
1989 - The acquisition of Paradise Chapel Funeral Home

1990

1991 - The sale of Investors Equity Life and the acquisition of Deseret Memorial Group
1993 - The formation of SecurityNational Mortgage Company
1994 - The acquisition of Camelback Sunset Funeral Home and Capital Investors Life
1995 - The acquisition of Greer Wilson Funeral Home, Tolleson Funeral Home and Civil Service Employees Life
1996 - The dedication of Singing Hills Memorial Park
1997 - The acquisition of Crystal Rose Funeral Home and the formation of Adobe Funeral Home
1998 - The acquisition of Southern Security Life (FL)
1999 - The acquisition of Menlo Life policy block

2000

2000 - The organization of Southern Security Mortgage Company
2002 - The acquisition of Gulf National Life policy block and Acadian Life policy block
2004 - The acquisition of Paramount Security Life
2005 - The acquisition of Memorial Insurance Company of America
2007 - The acquisition of C&J Financial and Capital Reserve Life Insurance Company
2008 - The acquisition of Southern Security Life (MS)

2010

2011 - The acquisition of North America Life policy block
2012 - The acquisition of Trans-Western Life and the formation of EverLEND Mortgage Company
2014 - The acquisition of American Funeral Financial
2016 - The acquisition of First Guaranty Insurance Company
2018 - The acquisition of Beta Capital Corporation
2019 - The acquisition of Probst Family Funeral Homes
2019 - The acquisition of Kilpatrick Life Insurance Company

2020

2021 - The merger of EverLEND Mortgage Company with SecurityNational Mortgage Company
2021 - The acquisition of Rivera Family Funeral Homes and Santa Fe Memorial Gardens
2021 - The acquisition of Holbrook Mortuary
2021 - The sale of Memorial Insurance Company of America
2023 - Aquisition and merger of Foxo Life Insurance Company

LEADERSHIP TEAM

Scott Quist
Chief Executive Officer

Adam Quist
President

Jason Overbaugh
Vice President
National Marketing Director

Guy Winstead
Vice President of Sales
Preneed, Final Expense, and Loyalty Sales Divisions

Todd Clendennen
Regional Vice President of Sales
Preneed Division

Jason Richardson
Vice President of Sales
Home Service Division

Security National

Family of Life Companies

We specialize in affordable and convenient products that "make sense" for you and your family. Let SNL show you a better way.

Many of life's big moments are curated events with careful planning and preparation such as birthdays, graduations, or weddings. Yet, there is one major life event, the loss of a loved one, where the date or time cannot be predicted. While time and place are uncertain, we can still make preparations for this inevitable event.

Funerals and memorial services can seem like extravagant ceremonies with little benefit. In truth, they are important for those left behind as they give a chance for closure, a chance to start the grieving process, and a way to find understanding and meaning during difficult times. Making arrangements for yourself or a loved one is a gift that alleviates both financial and emotional burdens on those you love most.

What is Preneed?

A celebration of life. A tribute to family. A treasured memory for loved ones. Your funeral is an expression of your life and a gift to the friends and family you leave behind. By pre-funding this tribute with life insurance from Security National Life you are assured your wishes will be honored. Preneed is the pre-planning and funding of a funeral before one's passing.

What is Final Expense?

It is an act of caring, and of preparation; ultimately it is an expression of compassion and responsibility for those you leave behind. New responsibilities arise when a life ends. Final Expense insurance provides an affordable and convenient solution to ease your family's stress. The passing of a loved one can be a traumatic event for those left

behind. Final Expense insurance provides a way to manage the financial burdens associated with the end of life. Even if you have fully prepared, Final Expense Insurance can provide the safety net to take care of those unexpected items that will allow you to tell your loved ones "It is all taken care of."

What is Home Service?

Home Service is a family-oriented organization that cares for and is committed to serving our clients with integrity and respect. We offer a combination of sales and on-going service within the home, including insurance review and premium collections, to provide peace of mind to individuals and families through an affordable funeral plan. The Home Service Division partners with almost 1,000 agents and funeral homes—together serving over 320,000 policyholders. With coverage amounts starting at $1,000 in most states and going up to $30,000, our plans assure that our customers will have the dignity to bury their loved ones without worrying about the costs.

Kilpatrick Life Insurance Company

Security National Life acquired Kilpatrick Life Insurance Company in 2019. Kilpatrick is based in Shreveport, LA with roots dating back to 1932. Through three generations, the Kilpatrick family oversaw tremendous company growth and expansion. The addition of Kilpatrick Life Insurance to Security National Life was an easy fit with its priority and focus on family. With award winning service, we are proud to join in one mission to serve families across the nation.

LEADERSHIP TEAM

Marty Rich
Vice President
Marketing & Sales Support

Jon Meredith
Director
Policy Administration

Wendi Beauchaine
Chief Underwriter

Sara McCulley
Director
Marketing and Lead Development

Jo Clark
Director
Kilpatrick Life Policy Administration

LEADERSHIP TEAM

Scott Quist
Chief Executive Officer

Andrew Quist
President

Joel Harward
Senior Vice President, Mortgage Production

Jacob Banks
Chief Financial Officer

Mike Brumble
Vice President, Risk Management

Jeff Orme
Chief Compliance Officer

SecurityNational MORTGAGE COMPANY®

We're *Turning Houses into Homes*®

$2.2

We're SecurityNational Mortgage

A mortgage company with a rock-solid reputation

2023 presented an extremely difficult environment for the mortgage loan industry. There is no other way of stating it. Interest rates were elevated throughout 2023, but peaked in October at highs not seen since 2000. Furthermore, at the end of the third quarter, over 78% of existing residential mortgage loans had an interest rate below 5%, well below prevailing lending rates. This resulted in a "lock-in" effect which led to the fewest number of existing homes being sold in at least 28 years. Given this backdrop, total industry loan originations decreased 29% in 2023 from 2022 volumes. This was on the heels of a 48% decrease in total industry loan originations from 2021 to 2022, making a 63% decrease over that two-year period. During that same period SecurityNational's total loan originations decreased 61%, slightly less than the industry-wide decline. SecurityNational funded $2.2 billion in residential mortgage loan originations in 2023, which was our lowest origination volume since 2014. That origination low resulted in only our second annual loss in the past 12 years for the Company. As disappointing as this loss was, much of it can be attributed to investments made to strengthen our position in the industry.

We believe that SecurityNational's foundation of financial stability, market transparency, and expertise in and focus on purchase transactions, provides a perfect platform to expand our presence in the industry in such unsettled and difficult environments. With many competitors retreating from the market or exiting entirely, SecurityNational's strengths shine more brightly and provide opportunities that few other companies can. Mortgage loan sales professionals are looking for the security and stability that SecurityNational provides and our results attest to this. The Company has more loan officers now than when the Federal Reserve began its recent cycle of interest rate hikes. This increase is in the face of approximately 90,000 loan officers exiting the mortgage loan profession entirely during that same time period. In this time of market contraction SecurityNational has maintained strong recruiting results and we are growing.

In 2023 we celebrated SecurityNational's 30-year anniversary. It is a milestone we are proud of. Three decades in the industry highlights SecurityNational's ability to thrive in both favorable and difficult economic and interest rate environments. The Company's longevity demonstrates our dedication to the mortgage loan industry and allows our team of exceptional loan officers to focus on providing a better experience for our borrowers.

BILLION

LOAN VOLUME IN 2023

In 2023 SecurityNational also continued its trend of adding significant talent to its leadership team. The Company hired a new Chief Marketing Officer, a new Director of Strategic Growth (national recruiting) and new leadership for the Company's technology team which oversees our origination platform. These individuals chose to join SecurityNational from established competitors because of the strength of the SecurityNational brand, adding veteran industry experience with fresh, new perspectives to a long-tenured existing leadership team with a deep understanding of what makes SecurityNational special. This strategic balance allows the Company to combine world-class technology with production processes in crafting an exceptional customer experience from first point-of-contact through loan closing. Strong relationships with Fannie Mae, Freddie Mac, FHA, VA, USDA, and many other secondary market investors, and tailored portfolio products provided by its affiliated companies, ensure that SecurityNational can provide a full complement of mortgage loan products at competitive prices. These products include unique loan offerings to home builders - a specialty of SecurityNational. The Company's unparalleled marketing and business support group helps keep our sales team front-and-center in a very competitive marketplace. These qualities are just a few of the reasons why mortgage loan professionals are joining SecurityNational each month, sustaining our growth into the future.

Although the Company's reach is nationwide, each branch office is a part of its local community. SecurityNational's suite of available loan products covers most every residential mortgage loan need, but our employees take extra satisfaction in helping our customers purchase a home, especially their first home. Home ownership is one of the most important financial decisions most people will make during their lifetimes. The process of financing a home purchase is unfamiliar and complicated for many people. SecurityNational is expert in originating mortgage loans for low-to-moderate-income buyers and can match qualifications with a mortgage loan program and resources specifically designed for each applicant's specific needs. Beyond originating loans, many of the Company's employees are actively engaged in their cities, towns and neighborhoods feeding the hungry, sheltering the needy or adding a splash of color along with a kind word while cleaning up after a disaster. SecurityNational has industry leading products, processes and financial strength, all of which contribute to the most important result for us - *Turning Houses Into Homes*.

Scotsman Guide
Top Mortgage Lenders

LEADERSHIP TEAM

Michael Muirbrook
Vice President, Servicing & Audits

Karie Wakefield
Vice President, Mortgage Fulfillment

Tim Yates
Vice President, Capital Markets

Austin Jacks
Chief Marketing Officer

Rob Coke
Vice President, Appraisal

Mark Pasternak
Vice President, Operations

REGIONAL MANAGERS

Svetlana Marinkovic
Executive Regional Manager,
Summit Region

Lisa Newman
Executive Regional Manager,
East Coast Region

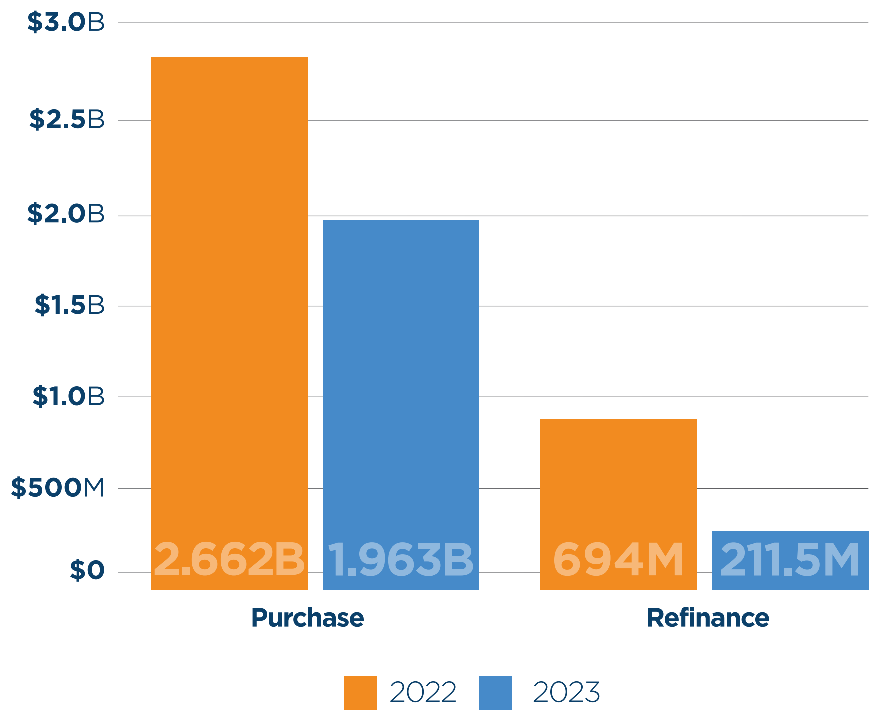
Cristie North
Executive Regional Manager,
Midvale Region

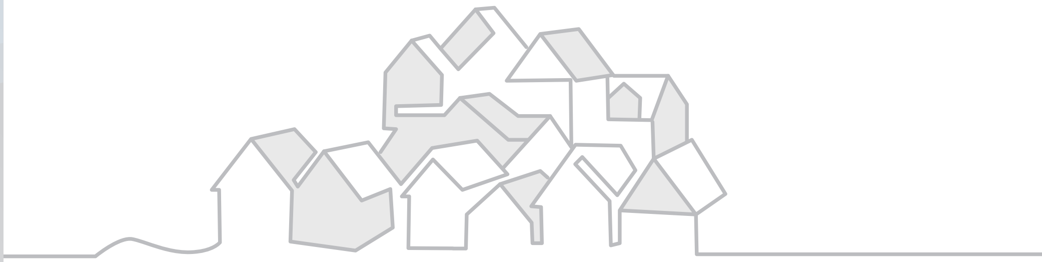
SN®
Security National
MORTGAGE

2023 STATISTICS

398 Loan Officers

SNMC Funding Comparison Year-Over-Year





7,181
LOANS FUNDED

85 Branches
48 States

REGIONAL MANAGERS

Troy Mannella
Executive Regional Manager,
Texas Region

Dave Pettit
Regional Area Manager,
Salt Lake Region

Jon Reed
Executive Regional Manager,
Midwest Region

Turning Houses into Homes®

LEADERSHIP TEAM

Scott Quist
Chief Executive Officer

Adam Quist
President

Steven Kehl
Chief Operating Officer

Jordan Buckner
Executive Vice President

Josh Atkinson
General Sales Director
Utah Cemeteries

Scott Prine
General Sales Director
California and New Mexico Cemeteries

Security National

Funeral Homes & Cemeteries

MEMORIAL MORTUARIES & CEMETERIES · AFFORDABLE FUNERALS & CREMATIONS · HOLBROOK MORTUARY · SINGING HILLS MEMORIAL PARK · RIVERA FUNERALS, CREMATIONS & MEMORIAL GARDENS · PROBST FAMILY FUNERALS

Providing hope, honor, healing, and happiness to the families we serve.

Our Mission

Our mission is to provide customers with peace of mind and comfort both while planning for and while experiencing end of life events. We strive to create a workplace culture that inspires our employees to provide incredible customer service. Our driving focus is on our common purpose of providing hope, honor, healing, and happiness. We have identified five keys that guide our customer service culture: Safety, Experience, Efficiency, Empathy, and Everyone. We are committed to treating each family we serve as if it were our own and holding ourselves accountable to the highest standards of conduct. We excel at providing unique and customized experiences for each of the families we have the privilege to care for.

Security National Funeral Home & Cemetery Division
5 KEYS

- Safety
- Experience
- Efficiency
- Empathy
- Everyone

Our Goal

Our goal is growth. Growth is the natural result of providing excellent service to the families we serve in California, New Mexico, and Utah. Growth also provides our employees with an opportunity to improve their livelihood through career advancement.

Since 2014, Security National Funeral Homes and Cemeteries has realized double digit operational net income growth every year, averaging a compound annual growth rate of over 20%. Security

National is Utah's largest funeral and cemetery provider and Rivera is Northern New Mexico's largest provider of funeral services, with a market share in excess of 40%.

We operate the business with a dedicated focus on striving to achieve excellence by becoming brilliant at the basics. We continue to strive to build relationships of trust, clearly define expectations, and implement consistent accountability measures that facilitate a culture of excellence. We continue to focus on attracting great people, developing great people, and keeping great people.

Winner: Best of State Six Years in a Row

Memorial Mortuaries and Cemeteries is a six time, consecutive "Best of State" award winner for Utah. Affordable Funerals and Cremations is also a two time "Best of State - Budget Funeral Service" winner. Criteria for the awards are based on overall excellence, superiority and quality of a nominee's products, services or performance, differentiating themselves from their competitors and improving the quality of life for their neighbors. The Best of State Awards were created to recognize outstanding individuals, organizations, and businesses in Utah. By recognizing excellence in the community and sharing examples of success for many worthy endeavors the awards motivate and reward those who strive for excellence in their respective fields.

Looking Forward

During the year, we made strategic decisions on the following development projects:

- We broke ground on a new 190 crypt/297 niche outdoor mausoleum at our Memorial Redwood Cemetery in Utah, with a completion time of May 2024.
- We completed a new 120 niche wall addition to the Serenity Mausoleum at our Singing Hills Memorial Park in California.
- We are engaged in the due diligence processes for a new outdoor mausoleum at our Singing Hills Memorial Park in California.
- We broke ground on a burial garden expansion project at our Santa Fe Memorial Gardens in New Mexico.

LEADERSHIP TEAM

Brandon Federico
Manager of Corporate Real Estate

Cambry Brady
Property Manager

Adam Perry
Facilities Manager

Security National REAL ESTATE

Commercial real estate – a wise investment strategy.

Security National Real Estate provides property management and leasing services for all companies in the Security National family. Investing in commercial real estate provides predictable returns, steady cashflows, and is a significant investment category for the company.

An investment in commercial real estate acts as a hedge against the long-term impact of inflation. Security National seeks long-term, national credit tenants for its Class A office space and includes annual rate increases as a part of all leases. Over time, commercial real estate is likely to appreciate, and due to its fixed nature, Security National is able to carry bank debt, which allows it to leverage its investment dollar.

Center 53 Campus

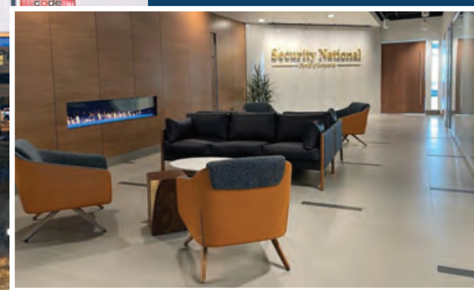
Security National is developing approximately 1,000,000 square feet of commercial real estate at the center of the Wasatch Front. The project, Center 53, encompasses over 20 acres in the central valley of Salt Lake City which is only 30 minutes from anywhere along the Wasatch Front. The first building was completed in 2018 and includes an on-site fitness center with cardio and weight stations. Building 1 is fully leased and its current full floor tenants include: R1, SoFi, and MasterCard.

Center 53 Building 1

Each of the buildings in the campus will have the following features:

- Large floor plates with great views of the Salt Lake Valley
- Exterior features include natural stone, glass curtain walls and terraneo finish
- Large modern lobby with wood walls and large format tile feature walls
- Structured parking
- Easy access to freeway

Center 53 Building 2



Security National Corporate Headquarters

Security National completed the second, 6-story Class A office building within its 20-acre office campus in the Fall of 2021. This latest addition serves as Security National's corporate headquarters. Building 2 is approximately 217,000 square feet and includes numerous energy efficient enhancements, employee amenities, spectacular Salt Lake Valley views, and is fully leased. Security National occupies floors 4, 5, and 6 and RI – who also occupies the 6th floor of Building I – occupies floors 1, 2, and 3.

Security National relocated many of its Utah-based operational functions to this new building, which includes Security National Life, Memorial Mortuaries and Cemeteries, and SecurityNational Mortgage, thereby improving efficiency by consolidating several retail mortgage and other subsidiary offices.

Wasatch 16

- Purchased in 2012
- 78,000 square feet class A building located in Draper, Utah
- Key tenants include Marcore, Aspire Counseling Network, Credit Corp Services, and Journey Team – Microsoft Partner

Cabela's

- Purchased in 2018
- 70,000 square feet of retail
- Located in Farmington, Utah at Station Park
- 25 year lease with Cabela's

Security National COMMERCIAL CAPITAL

Our passion is commercial and residential real estate finance. We are your commercial and residential loan source.

Security National Commercial Capital originates interim/bridge loans to enhance the mortgage banker's traditional long-term lender relationships with a faster closing, flexible, interim loan product intended to provide a bridge until a property stabilizes and conventional long-term financing can be obtained. These loans are designed to facilitate the purchase, refinance, leveraging or ownership change of good quality, performing commercial real estate. We lend on investor or owner/occupied real estate, including single or multi-tenant office, retail, office, warehouse, and multifamily properties. We also provide construction and land development financing that compliments SecurityNational Mortgage on approved new residential construction and on select commercial construction projects throughout the United States.

> ***Our loans are generated using relationships...***

Commercial Bridge Lending

Our loans are generated using relationships with mortgage bankers, other life insurance companies, commercial banks, website requests, referrals from past business relationships, commercial lending institutions, Real Estate professionals, Wall Street investors, and through publication advertising. Our target loan size for bridge loans is between $1,000,000 and $4,500,000, with a maximum term of 3 years (12-month term preferred). We also provide interim bridge financing for SBA-504 loans waiting for debenture funding.

We offer flexible fast funding commercial real estate loans while maintaining our fiduciary responsibility to our affiliated life insurance company's insureds by providing secure, higher yielding investments. We provide competitive products and service to borrowers and the desired return to our shareholders.

> ***Our target loan size is between $1,000,000 and $4,500,000...***

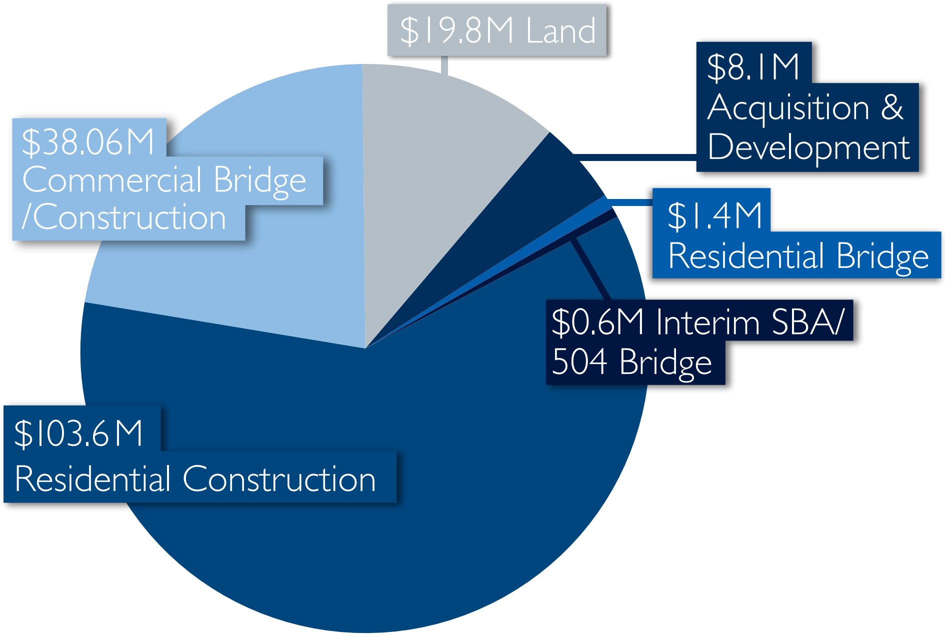
Residential Construction Lending and Land Development

Security National also provides construction and land development financing that compliments SecurityNational Mortgage on approved new residential construction and on select commercial construction projects throughout the United States.

In addition to providing financing for single family homes and development projects, Security National also acquires land for its own development. Improved lots are sold to strategic builder partners and further compliments SecurityNational Mortgage in its long term mortgage originations.

To learn more, visit www.sncloans.com for a presentation of commercial loan products offered.

Some of our land development and construction loan projects:



2023 Commercial and Construction Lending Originations

LEADERSHIP TEAM

Shane Wilson
Vice President

Jeffrey Degraffenried
Construction Loan Manager

Brian Nelsen
Commercial Loan Manager

LEADERSHIP TEAM

Jamie Meredith
Executive Vice President

Kathryn Kilgore
Vice President of Operations

Chuck Gallagher
Vice President of Sales

Jennifer Oliver
Senior Director
of Customer Loyalty

C&J Financial, LLC

The Leader in Insurance Assignment Funding™

Family of Companies

American Funeral Financial, LLC *the Funeral Funding Experts* | Beta Capital Corp. | Funeral Funding Center

C&J Financial provides insurance assignment funding to funeral homes and cemeteries across the nation. When firms need dependability, certainty, and transparency, they choose *Fast Funding*®.

Since 1996, C&J Financial has helped funeral homes and cemeteries eliminate the challenges and cash flow delays in processing insurance death claims. As North America's #1 provider of assignment funding, we are honored to have assisted more than 800,000 families in providing a dignified funeral for their loved ones and funded $4.8+ Billion to thousands of firms across America.

Why Assignment Funding?

When a family walks into the funeral home to make arrangements, most funeral directors would prefer the family pay with cash, check, or credit card vs. using their loved one's life insurance policy. It's certainly understandable because some life insurance companies can be a hassle to deal with, sometimes taking hours or days to verify benefits, then it's another 30, 60, 90 days or longer before payment is received.

While 56% of Americans have $5000 or less in savings, 6 out of 10 families own some type of life insurance. When asked, most would prefer to use their loved one's life insurance to cover the funeral expenses. It makes it a cashless event for the family while bridging the gap between what they want and what they can afford.

Families that use life insurance spend 31% more, on average, than those that pay with cash, check, or credit card. Insurance relieves the financial burden, allowing them to honor their loved ones how they see fit. This creates a better experience for the family. Despite these advantages, only 16% of families actually pay with life insurance. Why? Many funeral directors don't want to deal with the challenges and cash flow delays they create.

This is where C&J Financial can help. Our purpose is to help families provide a dignified and meaningful service for their loved ones. We accomplish this by eliminating the hassle, headache, and cash flow delays that firms have in processing insurance death claims. With C&J's Quick Claim process it takes less than 2 minutes to submit assignment information, then our team will contact the insurance company and verify the benefits of the policy. Once the benefits are confirmed and the beneficiary has signed C&J's assignment, payment is made to the firm. Instead of waiting weeks or months, funds are typically available in just 24-48 hours. It really is that simple.

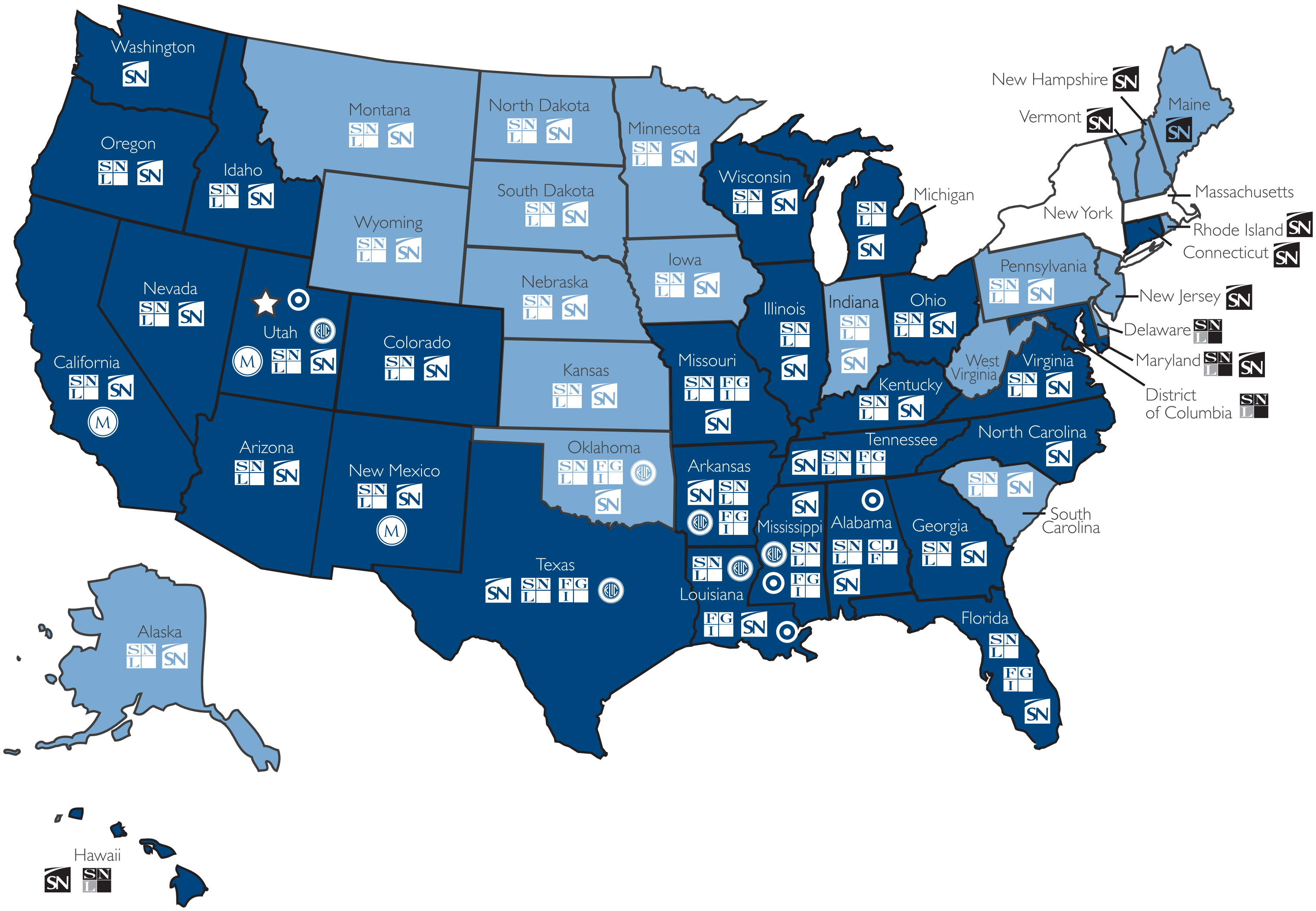
Innovation Funeral Homes Trust

Utilizing cutting-edge technology with a simple and easy-to-use experience, C&J's Assignment Funding Management System platform creates better efficiencies for firms, saving them time and money. Our Assignment Funding Management System allows firms to track the processing and status of their claims in real-time, communicate with their Customer Loyalty Representative, and upload documents directly to an assignment. They can also see which claims have been funded, what is needed on their open claims, and when C&J has been paid by the insurance company.

Introduced in 2021, our Quick Claim Assignment™ provides the fastest claim submission process in the industry. Insurance-specific paperwork is automatically generated for the beneficiary to sign, taking the guesswork out of what is needed. In most cases, C&J can handle any claimant statements or other documents on behalf of the beneficiary, reducing the amount of paperwork required by the firm.

C&J also offers full integration with DocuSign, the most trusted and widely used eSign platform in the world, allowing firms to send the assignment to be signed electronically at no cost. When this option is used, the completed documents are automatically uploaded to the system and firms can track the process in real-time. Innovations like Quick Claim Assignment™ and DocuSign integration can greatly reduce the amount of time funeral homes and cemeteries spend filing their claims.

Where We Are



Legend

- Sales Office
- License Held
- No License Held
- Corporate Headquarters
- Operations
- Security National Life
- Kilpatrick Life
- First Guaranty
- Memorial Mortuaries & Cemeteries
- SecurityNational Mortgage
- C&J Financial, LLC

SNFC Corporate Offices

Security National Financial Corporation
433 Ascension Way, 6th Floor
Salt Lake City, UT 84123

P.O. Box 57250
Salt Lake City, UT 84157-0250
Telephone: (801) 264-1060
Toll Free: (800) 574-7117

Form 10-K Offer

If you are a holder or beneficial owner of the company's stock, the company will send you, upon request and at no charge, a copy of the company's Annual Report on Form 10-K filed with the Securities & Exchange Commission for the year 2023 (including a list of exhibits). All requests must be made in writing to the Corporate Secretary.

Security National Financial Corporation
P.O. Box 57250
Salt Lake City, Utah 84157-0250

Stock Transfer Agents
Zions First National Bank
P.O. Box 30880
Salt Lake City, UT 84130

Former Holders of Preferred Stock and/or Promissory Notes
Security National Financial Corporation
Attn: Stock Department
P.O. Box 57250
Salt Lake City, UT 84157-0250

Certified Public Accountants
Deloitte & Touche LLP
Salt Lake City, Utah

Company E-mail Address:
contact@securitynational.com

Company Internet Address:
www.securitynational.com

Life Insurance Offices

Security National Life Insurance Company
433 Ascension Way, 6th Floor
Salt Lake City, UT 84123
Telephone: (800) 574-7117

Security National Life Insurance Company
Home Service Division
1080 River Oaks Drive
Suite #B204
Flowood, MS 39232
Telephone: (800) 826-6803

Security National Life Insurance Company
Preneed Sales Division
1 Sanctuary Blvd Suite 302
Mandeville, LA 70471
Telephone: (800) 574-7117

Kilpatrick Life Insurance Company
1818 Marshall St.
Shreveport, LA 71101
Telephone: (800) 235-0555

Fast Funding Offices

C&J Financial, LLC
200 Market Way
Rainbow City, AL 35906
Telephone: (800) 785-0003

Mortuaries & Cemeteries

Security National Funeral Homes and Cemeteries Operations
433 Ascension Way, 6th Floor
Salt Lake City, UT 84123
Telephone: (801) 268-8771

Memorial Holladay-Cottonwood Mortuary
4670 S. Highland Drive
Salt Lake City, UT 84117
Telephone: (801) 278-2801

Memorial Lake Hills Mortuary & Cemetery
10055 S. State Street
Sandy, UT 84070
Telephone: (801) 566-1249

Memorial Lake View Mortuary & Cemetery
1640 E. Lakeview Drive
Bountiful, UT 84010
Telephone: (801) 298-1564

Memorial Murray Mortuary
5850 S. 900 E.
Murray, UT 84121
Telephone: (801) 262-4631

Memorial Mountain View Mortuary & Cemetery
3115 E. 7800 S.
Cottonwood Heights, UT 84121
Telephone: (801) 943-0831

Memorial Redwood Mortuary & Cemetery
6500 S. Redwood Road
West Jordan, UT 84123
Telephone: (801) 969-3456

Memorial Holladay Cemetery
4900 S. Memory Lane
Holladay, UT 84117
Telephone: (801) 278-2803

Singing Hills Memorial Park
2800 Dehesa Road
El Cajon, CA 92019
Telephone: (619) 444-3000

Affordable Funerals & Cremations
4387 South 500 West
Murray, UT 84123
Telephone: (801) 287-8233

Affordable Funerals & Cremations
St. George Location
157 E. Riverside Drive #3A
St. George, UT 84790
Telephone: (435) 680-7035

Heber Valley Funeral Home
288 N. Main Street
Heber City, UT 84032
Telephone: (435) 654-5458

Probst Family Funeral Home
79 E. Main Street
Midway, UT 84049
Telephone: (435) 654-5959

Holbrook Mortuary
3251 S 2300 E
Millcreek, UT 84109
Telephone: (801) 484-2045

Rivera Family Funeral Home
818 Paseo del Pueblo Sur
Taos, NM 87571
Telephone: (575) 758-3841

Rivera Family Funeral Home & Crematory
305 Calle Salazar
Espanola, NM 87532
Telephone: (505) 753-2288

Rivera Family Funeral Home & Santa Fe Memorial Gardens
417 East Rodeo Rd.
Santa Fe, NM 87505
Telephone: (505) 989-7032

Rivera Family Funeral Home
1627 A Central Avenue
Los Alamos, NM 87544
Telephone: (505) 663-6880

Mortgage Offices

SecurityNational Mortgage Company–Operations
433 Ascension Way, 5th Floor
Salt Lake City, UT 84123
Telephone: (801) 264-8111

SecurityNational Mortgage Company–Sales Offices

ARIZONA
Bullhead City
2636 Hwy 95, Suite 2
Bullhead City, AZ 86442
Telephone: (844) 820-8699

Chandler
1490 S. Price Road, Suite 318
Chandler, AZ 85286
Telephone: (844) 820-8699

Mesa
2220 S. Country Club Drive
Suite 101
Mesa, AZ 85210
Telephone: (602) 732-3993

Phoenix
5100 N. 99th Ave, Unit 101 & 103
Phoenix, AZ 85037
Telephone: (602) 273-9610

1951 West Camelback Road, Ste 200
Phoenix, AZ 85015
Telephone: (602) 354-7461

10265 West Camelback Road #100
Phoenix, AZ 84037
Telephone: (844) 820-8699

Scottsdale
15169 N Scottsdale Rd
Ste 205, Off 3012 & 3013
Scottsdale, AZ 85254
Telephone: (480) 426-0400

10609 N. Hayden Rd., Suite 100
Scottsdale, AZ 85260
Telephone: (480) 237-4670

Yuma
350 West 16th Street, Suite 209
Yuma, AZ 85364
Telephone: (844) 820-8699

CALIFORNIA

Orange
625 The City Drive South, Suite 450
Orange, CA 92868
Telephone: (844) 323-4640

West Covina
2934 E. Garvey Ave., South
Ste #250-N
West Covina, CA 91791
Telephone: (626) 209-2126

Yucca Valley
7398 Fox Trail, Unit B
Yucca Valley, CA 92284
Telephone: (760) 853-2600

COLORADO

Aurora
5982 S. Zeno Ct.
Aurora, CO 80016
Telephone: (844) 820-8699

Colorado Springs
5475 Tech Center Drive, Suite 215
Colorado Springs, CO 80919
Telephone: (844) 323-4640

Denver
7800 East Union Avenue, Suite 550
Denver, CO 80237
Telephone: (844) 323-4640

Edwards
27 Main Street, Suite C-104B
Edwards, CO 81632
Telephone: (970) 331-2919

Larkspur
4501 Mohawk Drive
Larkspur, CO 80118
Telephone: (844) 820-8699

CONNECTICUT

Vernon
15 Lakeview Dr.
Vernon, CT 06066
Telephone: (860) 604-1688

FLORIDA

DeLand
970 Island Grove Drive
DeLand, FL 32724

Ft. Myers
8191 College Parkway #302
Ft. Myers, FL 33919
Telephone: (888) 550-9221

Lake Mary
250 International Pkwy, Ste 118 & 120
Lake Mary, FL 32746
Telephone: (407) 302-8384

Palm Beach Gardens
9123 N. Military Trail, #104B
Palm Beach Gardens, FL 33410
Telephone: (866) 827-9558

Pinellas Park
10293 61st Ct
Pinellas Park, FL 33782

Punta Gorda
265 E Marion Avenue
Punta Gorda, FL 33950
Telephone: (479) 925-5350

Seminole
5666 Seminole Blvd, Suite 106 & 111
Seminole, FL 33772
Telephone: (727) 498-3570

GEORGIA

Atlanta
900 Circle 75 Parkway, Suite 175
Atlanta, GA 30339
Telephone: (404) 924-6148

HAWAII

Hilo
32 Kinoole Street, Suite 101
Hilo, HI 96720
Telephone: (808) 796-5626

Honolulu
677 Ala Moana Boulevard, Suite 609
Honolulu, HI 96813
Telephone: (808) 809-7990

Kailua
970 North Kalaheo Avenue
Suite A-307
Kailua, HI 96734
Telephone: (844) 820-8699

Kapolei
1001 Kamokila Boulevard, Suite 319
Kapolei, HI 96707
Telephone: (808) 427-9960

Lihue
4370 Kukui Grove Street
Suite #201
Lihue, HI 96766
Telephone: (808) 823-8050

Wailuku
1885 Main St., Ste 108
Wailuku, HI 96793
Telephone: (808) 736-4424

70 Kanoa St., Suite 104
Wailuku, HI 96793
Telephone: (844) 820-8699

ILLINOIS

Bartlett
802 West Bartlett Road
Bartlett, IL 60103
Telephone: (844) 820-8699

KENTUCKY

Elizabethtown
81 Boulder Drive
Elizabethtown, KY 42701
Telephone: (877) 518-9450

LOUISIANA

Covington
568 Greenluster Drive
Covington, LA 70433
Telephone: (985) 400-5787

MINNESOTA
Eagan
860 Blue Gentian Rd
Ste 200, Off 205
Eagan, MN 55121
Telephone: (844) 820-8699

MISSOURI
Branson
4987 Fall Creek Rd #1
Branson, MO 65616
Telephone: (417) 616-3341

NORTH CAROLINA
Charlotte
2015 Ayrsley Town Blvd.
Ste 247, Off 247
Charlotte, NC 28273
Telephone: (844) 323-4640

NEVADA
Henderson
2546 Findlater St.
Henderson, NV 89044
Telephone: (866) 827-9558

2635 St. Rose Parkway, Suite 100
Henderson, NV 89052
Telephone: (702) 487-5626

Las Vegas
1980 Festival Plaza Drive, Suite 850
Las Vegas, NV 89135
Telephone: (702) 562-8733

Mesquite
840 Pinnacle Court, #3, Suite B
Mesquite, NV 89027
Telephone: (866) 607-3863

Pahrump
2250 E Postal Dr, Suite 1
Pahrump, NV 89048
Telephone: (844) 820-8699

OHIO
Westerville
670 Meridian Way, Suite 146
Westerville, OH 43082
Telephone: (614) 441-9978

OREGON
Clackamas
10365 S.E. Sunnyside Road #310
Clackamas, OR 97015
Telephone: (971) 544-7192

Terrebonne
11592 S.W. Roundup Place
Terrebonne, OR 97760
Telephone: (541) 615-7804

Tillamook
709 Pacific Ave.
Tillamook, OR 97141
Telephone: (503) 880-4018

TENNESSEE
Johnson City
144 Alf Taylor Rd
Johnson City, TN 37601
Telephone: (423) 741-0008

Kingsport
115 W New Street
Kinsgsport, TN 37660
Telephone: (866) 827-9558

Memphis
4646 Poplar Avenue, Office 317
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Telephone: (407) 302-8384

TEXAS
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9737 Great Hills Trail, #200 & 220
Austin, TX 78759
Telephone: (512) 795-5596

Brownsville
1213 E. Alton Gloor Blvd
Suite H & I
Brownsville, TX 78526
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10000 N. Central Expy, Ste. 400
Off. 453
Dallas, TX 75231
Telephone: (469) 374-9700

El Paso
1600 Lee Trevino, Suite A-1
El Paso, TX 79936
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Fort Worth
5020 Collinwood Ave, Suite100
Fort Worth, TX 76107
Telephone: (817) 945-2551

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Fulshear, TX 77441
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30417 Fifth Street, Suite B
Fulshear, TX 77441
Telephone: (855) 203-1300

Houston
17347 Village Green Dr., Ste. 102
Houston, TX 77040
Telephone: (832) 615-5400

11550 Fuqua, Suite 200
Houston, TX 77034
Telephone: (832) 786-6697

Hurst
462 Mid Cities Boulevard
Hurst, TX 76054
Telephone: (214) 444-9250

Irving
106 Decker Court, Suite 310
Irving, TX 75062
Telephone: (855) 203-1300

Katy
23227 Red River Drive
Katy, TX 77494
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Lake Kiowa
722 Kiowa Drive West
Lake Kiowa, TX 76240
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2600 South Shore Blvd
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League City, TX 77573
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San Antonio, TX 78217
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18756 Stone Oak Pkwy
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Telephone: (844) 820-8699

23702 IH-10 West, Suite 105-D
San Antonio, TX 78257
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299 S Columbia
Stephenville, TX 76401
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Weatherford, TX 76086
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497 S. Main, Suite E
Ephraim, UT 84627
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768 S. 1600 W. Suite B
Mapleton, UT 84664
Telephone: (385) 484-7200

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998 N. 1200 W., Suite 104
Orem, UT 84057
Telephone: (801) 901-6200

Salt Lake City
2455 East Parleys Way, Suite 150
Sale Lake City, UT 84109
Telephone: (801) 713-4800

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126 West Sego Lily Drive #260
Sandy, UT 84070
Telephone: (801) 571-1313

South Jordan
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South Jordan, UT 84095
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Bldg A, Ste 1
South Jordan, UT 84095
Telephone: (877) 518-9450

Stansbury Park
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Stansbury Park, UT 84074
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Vancouver, WA 98682
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WISCONSIN

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Beloit, WI 53511
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Kenosha
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Kenosha, WI 53140
Telephone: (844) 820-8699

Trevor
27903 99th Street
Trevor, WI 53179
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Waukesha
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Waukesha, WI 53188
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Security National Financial Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Security National Financial Corporation and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the years then ended, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Future Policy Benefits for Life Insurance Contracts and Amortization of Deferred Policy Acquisition Costs for Insurance Contracts and Value of Business Acquired—Refer to Notes 1 and 21 to the financial statements

Critical Audit Matter Description

The Company's management sets assumptions in (1) estimating a liability for life insurance policy benefit payments that will be made in the future (future policy benefits for life insurance contracts), (2) determining amortization of deferred policy acquisition costs for insurance contracts and value of business acquired and (3) performing premium deficiency tests. The most significant assumptions include mortality, lapse, and projected investment yield. Assumptions are determined based upon analysis of Company specific experience, industry standards, adjusted for changes in exposure and other relevant factors. Given the inherent uncertainty of these significant assumptions, auditing the development of such assumptions involved especially subjective judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's judgments regarding the mortality, lapse and projected investment yield assumptions used in the development of future policy benefits for life insurance contracts and the amortization of deferred policy acquisition costs for insurance contracts and value of business acquired, included the following, among others:

- With the assistance of our actuarial specialists, we:
- evaluated these actuarial assumptions, including testing the accuracy and completeness of the supporting experience studies,
- evaluated management's judgments regarding these assumptions used in the development of future policy benefits for life insurance contracts and the amortization of deferred policy acquisition costs and value of business acquired,
- evaluated the results of the Company's annual premium deficiency tests.

Deloitte + Touche LLP

Salt Lake City, UT
March 29, 2024

We have served as the Company's auditor since 2017.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
Assets		
Investments:		
Fixed maturity securities, available for sale, at estimated fair value (amortized cost of $390,884,441 and $362,750,511 for 2023 and 2022, respectively; net of allowance for credit losses of $314,549 and nil for 2023 and 2022, respectively)	$ 381,535,986	$ 345,858,492
Equity securities at estimated fair value (cost of $10,571,505 and $9,942,265 for 2023 and 2022, respectively)	13,636,071	11,682,526
Mortgage loans held for investment (net of allowance for credit losses of $3,818,653 and $1,970,311 for 2023 and 2022, respectively)	275,616,837	308,123,927
Real estate held for investment (net of accumulated depreciation of $29,307,791 and $23,793,204 for 2023 and 2022, respectively)	183,419,292	191,328,616
Real estate held for sale	3,028,973	11,161,582
Other investments and policy loans (net of allowances for credit losses of $1,553,836 and $1,609,951 for 2023 and 2022, respectively)	69,404,617	70,508,156
Accrued investment income	10,170,790	10,299,826
Total investments	936,812,566	948,963,125
Cash and cash equivalents	126,941,658	120,919,805
Loans held for sale at estimated fair value	126,549,190	141,179,620
Receivables (net of allowance for credit losses of $1,897,887 and $2,229,791 for 2023 and 2022, respectively)	15,335,315	28,573,092
Restricted assets (including $9,239,063 and $6,565,552 for 2023 and 2022, respectively, at estimated fair value)	20,028,976	18,935,055
Cemetery perpetual care trust investments (including $4,969,005 and $3,859,893 for 2023 and 2022 at estimated fair value)	8,082,917	7,276,210
Receivable from reinsurers	14,857,059	15,033,938
Cemetery land and improvements	9,163,691	9,101,474
Deferred policy and pre-need contract acquisition costs	116,351,067	108,655,128
Mortgage servicing rights, net	3,461,146	3,039,765
Property and equipment, net	19,175,099	20,579,649
Value of business acquired	8,467,613	9,803,736
Goodwill	5,253,783	5,253,783
Other	20,072,195	23,798,512
Total Assets	$ 1,430,552,275	$ 1,461,112,892

See accompanying notes to consolidated financial statements.

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

	December 31,	
	2023	**2022**
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits and unpaid claims	$ 916,038,616	$ 889,327,303
Unearned premium reserve	2,543,822	2,773,616
Bank and other loans payable	105,555,137	161,712,804
Deferred pre-need cemetery and mortuary contract revenues	18,237,246	16,226,836
Cemetery perpetual care obligation	5,326,196	5,099,542
Accounts payable	2,936,968	5,361,449
Other liabilities and accrued expenses	53,266,090	57,113,888
Income taxes	13,752,981	30,710,527
Total liabilities	1,117,657,056	1,168,325,965
Stockholders' Equity		
Preferred Stock:		
Preferred stock - non-voting-$1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Common Stock:		
Class A: common stock - $2.00 par value; 40,000,000 shares authorized; 20,048,002 shares issued and outstanding as of December 31, 2023 and 18,758,031 shares issued and outstanding as of December 31, 2022	40,096,004	37,516,062
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; 2,971,854 shares issued and outstanding as of December 31, 2023 and 2,889,859 shares issued and outstanding as of December 31, 2022	5,943,708	5,779,718
Additional paid-in capital	72,424,429	64,767,769
Accumulated other comprehensive loss, net of taxes	(6,885,558)	(13,070,277)
Retained earnings	206,978,373	202,160,306
Treasury stock, at cost - 806,311 Class A shares and 35,717 Class C shares as of December 31, 2023; and 525,870 Class A shares and 34,016 Class C shares as of December 31, 2022	(5,661,737)	(4,366,651)
Total stockholders' equity	312,895,219	292,786,927
Total Liabilities and Stockholders' Equity	$ 1,430,552,275	$ 1,461,112,892

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	Years Ended December 31,	
	2023	2022
Revenues:		
Mortgage fee income	$ 98,147,972	$ 173,499,681
Insurance premiums and other considerations	114,658,436	105,001,640
Net investment income	72,343,047	66,197,592
Net mortuary and cemetery sales	27,864,811	26,993,855
Gains (losses) on investments and other assets	1,837,342	(857,460)
Other	3,645,882	18,817,020
Total revenues	318,497,490	389,652,328
Benefits and expenses:		
Death benefits	61,390,517	59,377,962
Surrenders and other policy benefits	4,612,346	4,688,470
Increase in future policy benefits	34,008,997	28,858,969
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	18,024,338	17,950,202
Selling, general and administrative expenses:		
Commissions	39,929,556	63,321,092
Personnel	83,141,759	100,111,523
Advertising	3,710,445	5,697,998
Rent and rent related	6,857,137	6,883,013
Depreciation on property and equipment	2,351,661	2,496,906
Costs related to funding mortgage loans	6,440,439	7,540,041
Other	32,058,856	45,797,753
Interest expense	4,865,327	7,830,443
Cost of goods and services sold – cemeteries and mortuaries	4,805,700	4,721,094
Total benefits and expenses	302,197,078	355,275,466
Earnings before income taxes	16,300,412	34,376,862
Income tax expense	(1,805,354)	(8,686,560)
Net earnings	$ 14,495,058	$ 25,690,302
Net earnings per Class A equivalent common share (1)	$ 0.66	$ 1.16
Net earnings per Class A equivalent common share - assuming dilution (1)	$ 0.64	$ 1.12
Weighted average Class A equivalent common shares outstanding (1)	22,083,772	22,187,410
Weighted average Class A equivalent common shares outstanding-assuming dilution (1)	22,677,968	23,036,128

(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 consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,	
	2023	**2022**
Net earnings	$ 14,495,058	$ 25,690,302
Other comprehensive income:		
Unrealized gains (losses) on fixed maturity securities available for sale	7,814,324	(39,331,688)
Unrealized gains (losses) on restricted assets	11,175	(71,035)
Unrealized gains (losses) on cemetery perpetual care trust investments	2,917	(20,446)
Other comprehensive income (loss), before income tax	7,828,416	(39,423,169)
Income tax benefit (expense)	(1,643,697)	8,282,444
Other comprehensive income (loss), net of income tax	6,184,719	(31,140,725)
Comprehensive income (loss)	$ 20,679,777	$ (5,450,423)

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2021	$35,285,444	$5,733,130	$57,985,947	$ 18,070,448	$184,537,489	$(1,845,624)	$299,766,834
Net earnings	-	-	-	-	25,690,302	-	25,690,302
Other comprehensive loss	-	-	-	(31,140,725)	-	-	(31,140,725)
Stock based compensation expense	-	-	929,692	-	-	-	929,692
Exercise of stock options	219,174	-	(75,742)	-	-	-	143,432
Sale of treasury stock	-	-	(187,757)	-	-	5,249,054	5,061,297
Purchase of treasury stock	-	-	106,176	-	-	(7,770,081)	(7,663,905)
Stock dividends	1,779,108	278,924	6,009,453	-	(8,067,485)	-	-
Conversion Class C to Class A	232,336	(232,336)	-	-	-	-	-
Balance at December 31, 2022	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	-	-	-	-	14,495,058	-	14,495,058
Other comprehensive income	-	-	-	6,184,719	-	-	6,184,719
Stock based compensation expense	-	-	601,362	-	-	-	601,362
Exercise of stock options	558,354	-	(423,967)	-	-	-	134,387
Vesting of restricted stock units	2,430	-	(2,430)	-	-	-	-
Sale of treasury stock	-	-	76,202	-	-	2,134,517	2,210,719
Purchase of treasury stock	-	-	583,156	-	-	(3,429,603)	(2,846,447)
Stock dividends	1,899,960	283,188	6,822,337	-	(9,005,485)	-	-
Conversion Class C to Class A	119,198	(119,198)	-	-	-	-	-
Balance at December 31, 2023	$40,096,004	$5,943,708	$72,424,429	$ (6,885,558)	$206,978,373	$(5,661,737)	$312,895,219

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2023	Years Ended December 31, 2022
Cash flows from operating activities:		
Net earnings	$ 14,495,058	$ 25,690,302
Adjustments to reconcile net earnings to net cash used in operating activities:		
Losses (gains) on investments and other assets	(1,837,342)	857,460
Depreciation	8,641,080	8,598,072
Provision for credit losses	1,959,707	1,331,887
Net amortization of deferred fees and costs, premiums and discounts	(2,140,548)	(1,018,200)
Provision for deferred income taxes	(2,495,489)	(9,954,005)
Policy and pre-need acquisition costs deferred	(24,432,809)	(20,233,669)
Policy and pre-need acquisition costs amortized	16,724,336	16,685,871
Value of business acquired amortized	1,300,002	1,264,331
Mortgage servicing rights, additions	(1,009,312)	(10,243,922)
Amortization of mortgage servicing rights	587,931	9,078,706
Net gains on the sale of mortgage servicing rights	-	(34,051,938)
Stock based compensation expense	601,362	929,692
Benefit plans funded with treasury stock	2,210,719	5,061,297
Net change in fair value of loans held for sale	478,460	8,834,797
Originations of loans held for sale	(2,173,080,584)	(3,373,554,484)
Proceeds from sales of loans held for sale	2,224,454,040	3,549,405,402
Net gains on sales of loans held for sale	(40,239,112)	(74,779,721)
Change in assets and liabilities:		
Land and improvements held for sale	(62,217)	(123,597)
Future policy benefits and unpaid claims	29,745,349	27,487,657
Other operating assets and liabilities	(2,025,510)	(815,484)
Net cash provided by operating activities	53,875,121	130,450,454
Cash flows from investing activities:		
Purchases of fixed maturity securities	(70,315,501)	(151,581,252)
Sales, calls and maturities of fixed maturity securities	42,966,901	25,163,141
Purchase of equity securities	(6,993,289)	(4,193,460)
Sales of equity securities	6,346,625	2,804,274
Purchases of restricted assets	(3,065,758)	(862,654)
Sales, calls and maturities of restricted assets	840,080	-
Purchases of cemetery perpetual care trust investments	(1,083,550)	-
Sales, calls and maturities of cemetery perpetual care trust investments	458,046	1,205,208
Mortgage loans held for investment, other investments and policy loans made	(645,581,141)	(752,301,471)
Payments received for mortgage loans held for investment, other investments and policy loans	682,267,677	759,243,828
Proceeds from the sale of mortgage servicing rights	-	79,981,150
Purchases of property and equipment	(1,109,937)	(1,600,195)
Sales of property and equipment	-	69,248
Purchases of real estate	(22,894,604)	(20,458,983)
Sales of real estate	32,772,520	25,369,430
Net cash provided by (used in) investing activities	14,608,069	(37,161,736)

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

	Years Ended December 31,	
	2023	2022
Cash flows from financing activities:		
Investment contract receipts	12,572,508	11,730,820
Investment contract withdrawals	(15,654,593)	(15,795,677)
Proceeds from stock options exercised	134,387	143,432
Purchase of treasury stock	(2,846,447)	(7,663,905)
Repayment of bank loans	(69,602,737)	(50,308,296)
Proceeds from bank loans	68,500,000	59,618,050
Net change in warehouse line borrowings for loans held for sale	(55,146,726)	(98,943,607)
Net cash used in financing activities	(62,043,608)	(101,219,183)
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	6,439,582	(7,930,465)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	133,483,817	141,414,282
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	$ 139,923,399	$ 133,483,817
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 5,136,747	$ 7,697,921
Income taxes	20,406,598	729,687
Non Cash Investing and Financing Activities:		
Transfer of loans held for sale to mortgage loans held for investment	$ 3,017,626	$ 51,691,213
Transfer from mortgage loans held for investment to restricted assets	1,625,961	-
Transfer from mortgage loans held for investment to cemetery perpetual care trust investments	1,611,550	-
Accrued real estate construction costs and retainage	-	1,025,397
Mortgage loans held for investment foreclosed into real estate held for investment	-	10,998,485
Right-of-use assets obtained in exchange for operating lease liabilities	160,348	2,054,534
Right-of-use assets obtained in exchange for finance lease liabilities	12,332	-

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

	Years Ended December 31,	
	2023	2022
Cash and cash equivalents	$ 126,941,658	$ 120,919,805
Restricted assets	10,114,694	10,638,034
Cemetery perpetual care trust investments	2,867,047	1,925,978
Total cash, cash equivalents, restricted cash and restricted cash equivalents	$ 139,923,399	$ 133,483,817

See accompanying notes to consolidated financial statements.

1) Significant Accounting Policies

General Overview of Business

Security National Financial Corporation and its wholly owned subsidiaries (the "Company") operate in three reportable business segments: life insurance, cemetery and mortuary, and mortgages. The life insurance segment is engaged in the business of selling and servicing selected lines of life insurance, annuity products and accident and health insurance marketed primarily in the states located in western, mid-western and southern regions of the United States. The cemetery and mortuary segment of the Company consists of eight mortuaries and five cemeteries in Utah, one cemetery in California, and four mortuaries and one cemetery in New Mexico. The mortgage segment is an approved government and conventional lender that originates and underwrites residential and commercial loans for new construction, existing homes, and real estate projects primarily in Florida, Nevada, Texas, and Utah.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Principles of Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

Management of the Company has made several estimates and assumptions related to the reported amounts of assets and liabilities, reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. 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.

Investments

The Company's management determines the appropriate classifications of investments in fixed maturity securities and equity securities at the acquisition date and re-evaluates the classifications at each balance sheet date.

Fixed maturity securities available for sale are carried at estimated fair value. Changes in fair values are reported as unrealized gains or losses and are recorded in accumulated other comprehensive income (loss).

Equity securities are carried at estimated fair value. Changes in fair values are reported as unrealized gains or losses and are recorded through net earnings as a component of gains (losses) on investments and other assets.

1) Significant Accounting Policies (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 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 term of the loans. Origination fees are included in net investment income on the 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.

Real estate held for investment is carried at cost, less accumulated depreciation provided on a straight-line basis over the estimated useful lives of the properties or is adjusted to a new basis for impairment in value, if any. Included, if any, are foreclosed properties. These properties are recorded at the lower of cost or fair value upon foreclosure. Also, included is residential subdivision land development which is carried at cost.

Real estate held for sale is carried at lower of cost or fair value, less estimated costs to sell. Depreciation is not recognized on real estate classified as held for sale.

Other investments and policy loans are carried at the aggregate unpaid balances, less allowances for credit losses.

Accrued investment income refers to earned income from investments that has not yet been received by the Company.

Gains (losses) on investments (except for equity securities carried at fair value through net earnings) arise when investments are sold and are recorded on the trade date and the cost of the securities sold is determined using the specific identification method. The provision (release) for credit losses for fixed maturity securities held for sale are also included in gains (losses) on investments. See Note 2 for more information regarding the Company’s evaluation of credit losses.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Loans Held for Sale

Accounting Standards Codification (“ASC”) No. 825, “Financial Instruments”, allows for the option to report certain financial assets and liabilities at fair value initially and at subsequent measurement dates with changes in fair value included in earnings. The option may be applied instrument by instrument, but it is irrevocable. The Company elected the fair value option for loans held for sale. The Company believes the fair value option most closely aligns the timing of the recognition of gains and costs. These loans are intended for sale and the Company believes that fair value is the best indicator of the resolution of these loans. Electing fair value also reduces certain timing differences and better matches changes in the fair value of these assets with changes in the fair value of the related derivatives used for these assets. See Note 3 and Note 17 to Consolidated Financial Statements for additional disclosures regarding loans held for sale.

1) Significant Accounting Policies (Continued)

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. All revenues and costs are recognized when the mortgage loan is funded and any changes in fair value are shown as a component of mortgage fee income. See Note 3 and Note 17 to Consolidated Financial Statements for additional disclosures regarding loans held for sale.

The Company, through its mortgage subsidiaries, sells mortgage loans to third-party investors without recourse unless defects are identified in the representations and warranties made at loan sale. It may be required, however, to repurchase a loan or pay a fee instead of repurchasing under certain events, which include the following:

- Failure to deliver original documents specified by the investor,
- The existence of misrepresentation or fraud in the origination of the loan,
- The loan becomes delinquent due to nonpayment during the first several months after it is sold,
- Early pay-off of a loan, as defined by the agreements,
- Excessive time to settle a loan,
- Investor declines purchase, and
- Discontinued product and expired commitment.

Loan purchase commitments generally specify a date 30 to 45 days after delivery upon which the underlying loans should be settled. Depending on market conditions, these commitment settlement dates can be extended at a cost to the Company.

It is the Company's policy to cure any documentation problems regarding such loans at a minimal cost for up to a six-month period and to pursue efforts to enforce loan purchase commitments from third-party investors concerning the loans. The Company believes that six months allows adequate time to remedy any documentation issues, to enforce purchase commitments, and to exhaust other alternatives. Remedial methods include the following:

- Research reasons for rejection,
- Provide additional documents,
- Request investor exceptions,
- Appeal rejection decision to purchase committee, and
- Commit to secondary investors.

Once purchase commitments have expired and other alternatives to remedy are exhausted, which could be earlier than the six-month period, the loans are repurchased and transferred to the long-term investment portfolio at the lower of cost or fair value and previously recorded mortgage fee income that was to be received from a third-party investor is written off against the loan loss reserve.

Determining Fair Value

The cost for loans held for sale is equal to the amount paid to the warehouse bank and the amount originally funded by the Company. Fair value is often difficult to determine and may contain significant unobservable inputs, but is based on the following:

- For loans that are committed, the Company uses the commitment price.
- For loans that are non-committed that have an active market, the Company uses the market price.
- For loans that are non-committed where there is no market but there is a similar product, the Company uses the market value for the similar product.

1) Significant Accounting Policies (Continued)

- For loans that are non-committed where no active market exists, the Company determines that the unpaid principal balance best approximates the market value, after considering the fair value of the underlying real estate collateral, estimated future cash flows, and the loan interest rate.

The appraised value of the real estate underlying the original mortgage loan adds support to the Company's determination of fair value because if the loan becomes delinquent, the Company has sufficient value to collect the unpaid principal balance or the carrying value of the loan, thus minimizing credit losses.

Most loans originated are sold to third-party investors. The amounts expected to be sold to investors are shown on the consolidated balance sheets as loans held for sale.

Loan Loss Reserve

The loan loss reserve is an estimate of probable losses at the balance sheet date that the Company will realize in the future on loans sold. The Company may be required to reimburse third-party investors for costs associated with early payoff of loans within six months of origination of such loans and to repurchase loans where there is a default in any of the first four monthly payments to the investors or, in lieu of repurchase, to pay a negotiated fee to the investors. The Company's estimates are based upon historical loss experience and the best estimate of the probable loan loss liabilities.

Upon completion of a transfer that satisfies the conditions to be accounted for as a sale, the Company initially measures at fair value liabilities incurred in a sale relating to any guarantee or recourse provisions. The Company accrues a monthly allowance for indemnification losses to investors based on total production. This estimate is based on the Company's historical experience and is included as a component of mortgage fee income. Subsequent updates to the recorded liability from changes in assumptions are recorded in selling, general and administrative expenses as a component of provision for loan loss reserve. The estimated liability for indemnification losses is included in other liabilities and accrued expenses.

The loan loss reserve analysis involves mortgage loans that have been sold to third-party investors, which were believed to have met investor underwriting guidelines at the time of sale, where the Company has received a demand from the investor. There are generally three types of demands: make whole, repurchase, or indemnification. These types of demands are further described as follows:

Make whole demand — A make whole demand occurs when an investor forecloses on a property and then sells the property. The make whole amount is calculated as the difference between the original unpaid principal balance, payments received, accrued interest and fees, less the sale proceeds.

Repurchase demand — A repurchase demand usually occurs when there is a significant payment default, error in underwriting or detected loan fraud.

Indemnification demand — On certain loans the Company has negotiated a set fee that is to be paid in lieu of repurchase. The fee varies by investor and by loan product type.

The Company believes the allowance for loan losses and the loan loss reserve represent probable loan losses incurred as of the balance sheet date.

Additional information related to the Loan Loss Reserve is included in Note 3.

1) Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets are assets held in a trust account for future mortuary services and merchandise. Restricted assets also include 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 funded its medical benefit safe-harbor limit based on the qualified direct costs and has included this amount as a component of restricted cash. Additional information related to restricted assets is included in Notes 2 and 8 to Consolidated Financial Statements.

Cemetery Perpetual Care Trust Investments

Cemetery endowment care trusts have been set up for five of the seven cemeteries owned by the Company. Under endowment care arrangements a portion of the price for each lot sold is withheld and invested in a portfolio of investments like those described in the prior paragraph. The earnings stream from the investments is designed to fund future maintenance and upkeep of the cemetery. Additional information related to cemetery perpetual care trust investments is included in Notes 2 and 8 to Consolidated Financial Statements.

Cemetery Land and Improvements

The development of a cemetery involves not only the initial acquisition of raw land but also the installation of roads, water lines, landscaping, and other costs to establish a marketable cemetery lot. The costs of developing the cemetery are shown as an asset on the balance sheet. The amount on the balance sheet is reduced by the total cost assigned to the development of a particular lot when the criterion for recognizing a sale of that lot is met.

Deferred Policy Acquisition Costs and Value of Business Acquired

Commissions and other costs, net of commission and expense allowances for reinsurance ceded, that vary with and are primarily related to the production of new insurance business have been deferred. Deferred policy acquisition costs ("DAC") for traditional life insurance are amortized over the premium paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves. For interest-sensitive insurance products, deferred policy acquisition costs are amortized generally in proportion to the present value of expected gross profits from surrender charges, investment, mortality, and expense margins. This amortization is adjusted when estimates of current or future gross profits to be realized from a group of products are reevaluated. Deferred acquisition costs are written off when policies lapse or are surrendered.

When accounting for DAC, the Company considers internal replacements of insurance and investment contracts. An internal replacement is a modification in product benefits, features, rights, or coverage that occurs by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to contract, or by the election of a feature or coverage within a contract. Modifications that result in a replacement contract that is substantially changed from the replaced contract are accounted for as an extinguishment of the replaced contract. Unamortized DAC, unearned revenue liabilities and deferred sales inducements from the replaced contract are written-off. Modifications that result in a contract that is substantially unchanged from the replaced contract are accounted for as a continuation of the replaced contract.

Value of business acquired ("VOBA") is the present value of estimated future profits of the acquired business and is amortized like deferred policy acquisition costs.

1) Significant Accounting Policies (Continued)

Premium Deficiency and Loss Recognition Testing

At least annually, the Company tests the adequacy of the net benefit reserves (liability for future policy benefits, net of DAC and VOBA) recorded for life insurance and annuity products. The Company tests for recoverability by using the Company's current best-estimate assumptions as to policyholder mortality, persistency, maintenance expenses and invested asset returns. These tests evaluate whether the present value of future contract-related cash flows will support the capitalized DAC and VOBA assets. These cash flows consist primarily of premium income, less benefits, and expenses. If the current contract liabilities plus the present value of future premiums is greater than the sum of the present values of future policy benefits, commissions, and expenses plus the current DAC and VOBA less unearned premium reserve balances, then the capitalized assets are deemed recoverable. The present values are calculated using the best estimate of the after-tax net investment earned rate.

Mortgage Servicing Rights

Mortgage Servicing Rights ("MSR") arise from contractual agreements between the Company and third-party investors (or their agents) when mortgage loans are sold. Under these contracts, the Company is obligated to retain and provide loan servicing functions on loans sold, in exchange for fees and other remuneration. The servicing functions typically performed include, among other responsibilities, collecting and remitting loan payments; responding to borrower inquiries; accounting for principal and interest, holding custodial (impound) funds for payment of property taxes and insurance premiums; counseling delinquent mortgagors; and supervising the acquisition of real estate owned and property dispositions.

The total residential mortgage loans serviced for others consist primarily of agency conforming fixed-rate mortgage loans. The value of MSRs is derived from the net cash flows associated with the servicing contracts. The Company receives a servicing fee of generally about 0.25% annually on the remaining outstanding principal balances of the loans. Based on the result of the cash flow analysis, an asset or liability is recorded for mortgage servicing rights. The servicing fees are collected from the monthly payments made by the mortgagors. The Company generally receives other remuneration including rights to various mortgagor-contracted fees such as late charges, and collateral reconveyance charges and the Company is generally entitled to retain the interest earned on funds held pending remittance of mortgagor principal, interest, tax, and insurance payments. Contractual servicing fees and late fees are included in other revenues on the consolidated statements of earnings.

The Company's subsequent accounting for MSRs is based on the class of MSRs. The Company has identified two classes of MSRs: MSRs backed by mortgage loans with an initial term of 30 years and MSRs backed by mortgage loans with an initial term of 15 years. The Company distinguishes between these classes of MSRs due to their differing sensitivities to change in value as the result of changes in the market. 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.

Interest rate risk, prepayment risk, and default risk are inherent risks in MSR valuation. Interest rate changes largely drive prepayment rates. Refinance activity generally increases as rates decline. A significant decrease in rates beyond expectation could cause a decline in the value of the MSR. On the contrary, if rates increase borrowers are less likely to refinance or prepay their mortgage, which extends the duration of the loan and MSR values are likely to rise. Because of these risks, discount rates and prepayment speeds are used to estimate the fair value.

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.

1) Significant Accounting Policies (Continued)

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. When management 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.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated principally on the straight-line method over the estimated useful lives of the assets which range from three to forty years. Leasehold improvements paid for by the Company as a lessee are amortized over the lesser of the useful life or remaining lease terms.

Long-lived Assets

Long-lived assets to be held and used, including property and equipment and real estate held for investment, are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

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. 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 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 fund within the terms of the commitments.

1) Significant Accounting Policies (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 consolidated balance sheets.

Call and Put Option Derivatives

The Company discontinued its use of selling "out of the money" call options on its equity securities and the use of selling put options as a source of revenue in the first quarter of 2023. The net changes in the fair value of call and put options are shown in current earnings as a component of realized gains (losses) on investments and other assets. Call and put options are shown in other liabilities and accrued expenses on the condensed consolidated balance sheets.

Allowances for Credit Losses

The Company records allowances for current expected credit losses from fixed maturity securities available for sale, mortgage loans held for investment, other investments, and receivables in accordance with GAAP. The allowances for credit losses are valuation accounts that are reported as a reduction of the financial asset's cost basis and are measured on a pool basis when similar risk characteristics exist. The Company estimates allowances for credit losses using relevant available information from both internal and external sources. The Company considers its historical loss experience, analyzes current market conditions and forecasts and uses third-party assistance to arrive at current expected credit losses. Amounts are written off against the allowance for credit losses when determined to be uncollectible. See below under Recent Accounting Pronouncements regarding the adoption of ASU 2016-13. See Notes 2 and 4 to Consolidated Financial Statements regarding the Company's evaluation of allowances for credit losses.

Future Policy Benefits and Unpaid Claims

Future policy benefit reserves for traditional life insurance are computed using a net level method, including assumptions as to investment yields, mortality, morbidity, withdrawals, and other assumptions based on the life insurance subsidiaries' experience, modified as necessary to give effect to anticipated trends and to include provisions for possible unfavorable deviations. Such liabilities are, for some plans, graded to equal statutory values or cash values at or prior to maturity, which are deemed a reasonable equivalent for GAAP. The range of assumed interest rates for all traditional life insurance policy reserves was 4% to 10%. Benefit reserves for traditional limited-payment life insurance policies include the deferred portion of the premiums received during the premium-paying period. Deferred premiums are recognized as income over the life of the policies. Policy benefit claims are charged to expense in the period the claims are incurred. Increases in future policy benefits are charged to expense.

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 more than related policy account balances. Interest credit rates for interest-sensitive insurance products ranged from 3% to 6.5%.

The Company records an unpaid claims liability for claims in the course of settlement equal to the death benefit amount less any reinsurance recoverable amount for claims reported. There is also an unpaid claims liability for claims incurred but not reported. This liability is based on the historical experience of the net amount of claims that were reported in reporting periods subsequent to the reporting period when claims were incurred.

1) Significant Accounting Policies (Continued)

Participating Insurance

Participating business constituted 2% of insurance in force for the years ended 2023 and 2022. The provision for policyholders' dividends included in policyholder obligations is based on dividend scales anticipated by management. The amounts to be paid are determined by the Board of Directors. The expense recognized for policyholder dividends is included in surrenders and other policy benefits on the consolidated statements of earnings.

Recognition of Insurance Premiums and Other Considerations

Premiums and other consideration for traditional life insurance products (which include those products with fixed and guaranteed premiums and benefits and consist principally of whole life insurance policies, limited payment life insurance policies, and certain annuities with life contingencies) are recognized as revenues when due from policyholders. Premiums and other consideration for interest-sensitive insurance policies (which include universal life policies, interest-sensitive life policies, deferred annuities, and annuities without life contingencies) are recognized when earned and consist of amounts assessed against policyholder account balances during the period for policy administration charges and surrender charges.

Reinsurance

The Company follows the procedure of reinsuring risks of more than $100,000 to provide for greater diversification of business to allow management to control exposure to potential losses arising from large risks and provide additional capacity for growth. The Company remains liable for amounts ceded in the event the reinsurers are unable to meet their obligations.

The Company entered into coinsurance agreements with unaffiliated insurance companies under which the Company assumed 100% of the risk for certain life insurance policies and certain other policy-related liabilities of the insurance company.

Reinsurance premiums, commissions, expense reimbursements, and reserves related to reinsured business are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Expense allowances received in connection with reinsurance ceded are accounted for as a reduction of the related policy acquisition costs and are deferred and amortized accordingly.

Pre-need Sales and Costs

Pre-need contract sales of funeral services and caskets - revenue and costs associated with the sales of pre-need funeral services and caskets are deferred until the performance obligations are fulfilled (services are performed or the caskets are delivered).

Sales of cemetery interment rights (cemetery burial property) - revenue and costs associated with the sale of cemetery interment rights are deferred until 10% of the sales price has been collected.

Pre-need contract sales of cemetery merchandise (primarily markers and vaults) - revenue and costs associated with the sale of pre-need cemetery merchandise is deferred until the merchandise is delivered to the Company.

Pre-need contract sales of cemetery services (primarily merchandise delivery, installation fees and burial opening and closing fees) - revenue and costs associated with the sales of pre-need cemetery services are deferred until the services are performed.

Prearranged funeral and pre-need cemetery customer acquisition costs - costs incurred related to obtaining new pre-need contract cemetery and prearranged funeral services, which include only costs that vary with and are primarily related to the acquisition of new pre-need cemetery and prearranged funeral services, are deferred until the merchandise is delivered or services are performed.

1) Significant Accounting Policies (Continued)

Revenues and costs for at-need sales are recorded when a valid contract exists, the services are performed, collection is reasonably assured and there are no significant performance obligations remaining.

The Company, through its cemetery and mortuary operations, provides guaranteed funeral arrangements wherein a prospective customer can receive future goods and services at guaranteed prices. To accomplish this, the Company, through its life insurance operations, sells to the customer an increasing benefit life insurance policy that is assigned to the mortuaries. If, at the time of need, the policyholder/potential mortuary customer utilizes one of the Company's facilities, the guaranteed funeral arrangement contract that has been assigned will provide the funeral goods and services at the contracted price. The increasing life insurance policy will cover the difference between the original contract prices and current prices. Risks may arise if the difference cannot be fully met by the life insurance policy. However, management believes that given current inflation rates and related price increases of goods and services, the risk of exposure is minimal.

Goodwill

Previous acquisitions have been accounted for as purchases under which assets acquired and liabilities assumed were recorded at their fair values with the excess purchase price recognized as goodwill. The Company evaluates annually or when changes in circumstances warrant the recoverability of goodwill and if there is a decrease in value, the related impairment is recognized as a charge against income.

Other Intangibles

Other intangibles are recognized apart from goodwill whenever an acquired intangible asset arises from contractual or other legal rights, or whenever it is capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged, either individually or in combination with a related contract, asset, or liability. The Company engages a third-party valuation firm to analyze the value of the intangible assets that result from significant acquisitions. The value of the intangible assets that result from these acquisitions are included in Other Assets and are determined using the income approach, relying on a relief from the royalty method.

Income Taxes

Income taxes include taxes currently payable plus deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences in the financial reporting basis and tax basis of assets and liabilities and operating loss carry-forwards. Deferred tax assets are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. Liabilities are established for uncertain tax positions expected to be taken in income tax returns when such positions are judged to meet the "more-likely-than-not" threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax penalties are included as a component of income tax expense.

1) Significant Accounting Policies (Continued)

Earnings Per Common Share

The Company computes earnings per share, which requires a presentation of basic and diluted earnings per share. Basic earnings per equivalent Class A common share are computed by dividing net earnings by the weighted-average number of Class A common shares outstanding during each year presented, after the effect of the assumed conversion of Class C common stock to Class A common stock. Diluted earnings per share is computed by dividing net earnings by the weighted-average number of common shares outstanding during the year used to compute basic earnings per share plus dilutive potential incremental shares by application of the treasury stock method. Basic and diluted earnings per share amounts have been adjusted retroactively for the effect of annual stock dividends.

Stock Based Compensation

The cost of employee services received in exchange for an award of equity instruments is recognized in the financial statements and is measured based on the fair value on the grant date of the award. The fair value of stock options is calculated using the Black Scholes Option Pricing Model. Stock option compensation expense is recognized over the period during which an employee is required to provide service in exchange for the award and is included in personnel expenses on the consolidated statements of earnings.

Concentration of Credit Risk

For a description of the concentration risk regarding available for sale debt securities, mortgage loans held for investment and real estate held for investment, refer to Note 2, and for receivables from reinsurers, refer to Note 10 of the Notes to Consolidated Financial Statements.

Advertising

The Company expenses advertising costs as incurred.

1) Significant Accounting Policies (Continued)

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	665,030
Restricted assets - mortgage loans held for investment:	
Residential construction	3,463
Cemetery perpetual care trust investments - mortgage loans held for investment:	
Residential construction	3,013
Grand Total	671,506

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.

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.

2) Investments

The Company's investments as of December 31, 2023 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	Allowance for Credit Losses	Estimated Fair Value
December 31, 2023:					
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	250,000	10,000	-	-	260,000
Total fixed maturity securities available for sale	$ 390,884,441	$ 4,550,214	$ (13,584,120)	$ (314,549)	$ 381,535,986
Equity securities at estimated fair value:					
Common stock:					
Industrial, miscellaneous and all other	$ 10,571,505	$ 3,504,141	$ (439,575)		$ 13,636,071
Total equity securities at estimated fair value	$ 10,571,505	$ 3,504,141	$ (439,575)		$ 13,636,071
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	(324,157)				
Total mortgage loans held for investment	$ 275,616,837				
Real estate held for investment - net of accumulated depreciation:					
Residential	$ 40,924,865				
Commercial	142,494,427				
Total real estate held for investment	$ 183,419,292				
Real estate held for sale:					
Residential	$ -				
Commercial	3,028,973				
Total real estate held for sale	$ 3,028,973				

2) Investments (Continued)

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	(1,553,836)
Total policy loans and other investments	$ 69,404,617
Accrued investment income	$ 10,170,790
Total investments	$ 936,812,566

(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.

2) Investments (Continued)

The Company's investments as of December 31, 2022 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2022:				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	$ 93,182,210	$ 180,643	$ (2,685,277)	$ 90,677,576
Obligations of states and political subdivisions	6,675,071	13,869	(458,137)	6,230,803
Corporate securities including public utilities	229,141,544	1,909,630	(11,930,773)	219,120,401
Mortgage-backed securities	33,501,686	168,700	(4,100,674)	29,569,712
Redeemable preferred stock	250,000	10,000	-	260,000
Total fixed maturity securities available for sale	$ 362,750,511	$ 2,282,842	$ (19,174,861)	$ 345,858,492
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	$ 9,942,265	$ 2,688,375	$ (948,114)	$ 11,682,526
Total equity securities at estimated fair value	$ 9,942,265	$ 2,688,375	$ (948,114)	$ 11,682,526
Mortgage loans held for investment at amortized cost:				
Residential	$ 93,355,623			
Residential construction	172,516,125			
Commercial	46,311,955			
Less: Unamortized deferred loan fees, net	(1,746,605)			
Less: Allowance for loan losses	(1,970,311)			
Less: Net discounts	(342,860)			
Total mortgage loans held for investment	$ 308,123,927			
Real estate held for investment - net of accumulated depreciation:				
Residential	$ 38,437,960			
Commercial	152,890,656			
Total real estate held for investment	$ 191,328,616			
Real estate held for sale:				
Residential	$ 11,010,029			
Commercial	151,553			
Total real estate held for sale	$ 11,161,582			
Other investments and policy loans at amortized cost:				
Policy loans	$ 13,095,473			
Insurance assignments	46,942,536			
Federal Home Loan Bank stock (1)	2,600,300			
Other investments	9,479,798			
Less: Allowance for doubtful accounts	(1,609,951)			

2) Investments (Continued)

Total policy loans and other investments	$ 70,508,156
Accrued investment income	$ 10,299,826
Total investments	$ 948,963,125

(1) Includes $938,500 of Membership stock and $1,661,800 of Activity stock due to short-term advances and letters of credit.

2) 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 December 31, 2023, other than investments issued or guaranteed by the United States Government.

Fixed Maturity Securities

The table below summarizes unrealized losses on fixed maturities securities available for sale that were carried at estimated fair value as of December 31, 2023 and 2022. 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 tables set forth unrealized losses by duration with the fair value of the related fixed maturity securities.

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Fair Value
At December 31, 2023						
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
Obligations of states and political subdivisions	11,105	470,325	308,155	5,284,498	319,260	5,754,823
Corporate securities including public utilities	529,660	32,507,773	6,615,847	107,556,216	7,145,507	140,063,989
Mortgage and other asset-backed securities	29,799	2,260,445	4,673,106	22,184,174	4,702,905	24,444,619
Total unrealized losses	$ 599,958	$ 44,674,633	$ 12,984,162	$ 205,910,291	$ 13,584,120	$ 250,584,924
At December 31, 2022						
U.S. Treasury securities and obligations of U.S. Government agencies	$ 2,685,277	$ 79,400,753	$ -	$ -	$ 2,685,277	$ 79,400,753
Obligations of states and political subdivisions	378,067	5,467,910	80,070	429,020	458,137	5,896,930
Corporate securities including public utilities	10,935,114	162,995,969	995,659	5,781,822	11,930,773	168,777,791
Mortgage and other asset-backed securities	2,884,731	19,909,907	1,215,943	6,978,745	4,100,674	26,888,652
Total unrealized losses	$ 16,883,189	$ 267,774,539	$ 2,291,672	$ 13,189,587	$ 19,174,861	$ 280,964,126

Relevant holdings were comprised of 606 securities with fair values aggregating 94.9% of the aggregated amortized cost as of December 31, 2023. Relevant holdings were comprised of 713 securities with fair values aggregating 93.6% of the aggregated amortized cost as of December 31, 2022. Credit loss provision (release) of $325,314 and nil have been recognized for 2023 and 2022, 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.

2) Investments (Continued)

Evaluation of Allowance for Credit Losses

See Note 1 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 Commissions ("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.

2) 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 98.2% and 97.7% of its fixed maturity securities rated investment grade as of December 31, 2023 and 2022, 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.

	December 31, 2023		December 31, 2022	
NAIC Designation	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
1	$ 221,933,425	$ 216,975,288	$ 197,753,818	$ 189,691,540
2	161,062,016	157,346,803	156,261,804	148,073,873
3	6,418,829	5,953,542	7,080,305	6,635,786
4	982,290	948,478	1,377,541	1,157,454
5	236,648	51,875	25,736	39,155
6	1,233	-	1,307	684
Total	$ 390,634,441	$ 381,275,986	$ 362,500,511	$ 345,598,492

The following tables presents a roll forward of the Company's allowance for credit losses on fixed maturity securities available for sale:

	Year Ended December 31, 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
Beginning balance - December 31, 2022	$ -	$ -	$ -	$ -	$ -
Additions for credit losses not previously recorded	-	-	261,500	6,049	267,549
Change in allowance on securities with previous allowance	-	-	57,764	-	57,764
Reductions for securities sold during the period	-	-	(10,764)	-	(10,764)
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 - December 31, 2023	$ -	$ -	$ 308,500	$ 6,049	$ 314,549

2) Investments (Continued)

The following table presents a roll forward of the Company's cumulative other than temporary credit impairments ("OTTI") recognized in earnings on fixed maturity securities available for sale which was required to be presented prior to the adoption of ASU 2016-13:

	2022
Balance of credit-related OTTI at January 1	$ 264,977
Additions for credit impairments recognized on:	
Securities not previously impaired	-
Securities previously impaired	-
Reductions for credit impairments previously recognized on:	
Securities that matured or were sold during the period (realized)	(39,502)
Securities due to an increase in expected cash flows	-
Balance of credit-related OTTI at December 31	$ 225,475

The following table presents the amortized cost and estimated fair value of fixed maturity securities available for sale at December 31, 2023, by contractual maturity. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year	$ -	$ -
Due in 2-5 years	168,831,608	166,186,132
Due in 5-10 years	95,804,878	95,031,727
Due in more than 10 years	85,638,077	83,900,556
Mortgage-backed securities	40,359,878	36,157,571
Redeemable preferred stock	250,000	260,000
Total	$ 390,884,441	$ 381,535,986

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

	Years Ended December 31,	
	2023	2022
Proceeds from sales	$ 2,557,074	$ 3,091,105
Gross realized gains	11,508	24,281
Gross realized losses	(57,861)	(32,976)

2) 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:

	Years Ended December 31,	
	2023	2022
Fixed maturity securities available for sale at estimated fair value	$ 6,206,650	$ 8,817,959
Other investments	400,000	-
Cash and cash equivalents	1,909,215	2,214,206
Total assets on deposit	$ 8,515,865	$ 11,032,165

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

	Years Ended December 31,	
	2023	2022
Fixed maturity securities available for sale at estimated fair value	$ 27,903,952	$ 27,955,297
Cash and cash equivalents	2,101,052	1,866,453
Total assets on deposit	$ 30,005,004	$ 29,821,750

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. See Note 7 of the Notes to the Consolidated Financial Statements for more information about the FHLB.

	Years Ended December 31,	
	2023	2022
Fixed maturity securities available for sale at estimated fair value	$ 93,903,089	$ 93,034,880
Total assets pledged as collateral	$ 93,903,089	$ 93,034,880

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 segments in the form of acquisition, development, and mortgage foreclosures. The Company reports real estate held for investment and held for sale pursuant to the accounting policy discussed in Note 1 of the Notes to Consolidated Financial Statements.

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.

2) 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 nine commercial properties in three 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 $124,381,467 and $129,330,119 as of December 31, 2023 and 2022, respectively. The associated bank loan carrying values totaled $97,807,614 and $97,112,131 as of December 31, 2023 and 2022, respectively.

During 2023 and 2022, 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 investments and other assets on the consolidated statements of earnings.

During 2023 and 2022, the Company recorded depreciation expense on commercial real estate held for investment of $6,278,828 and $6,090,575, 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:

	Net Book Value December 31,		Total Square Footage December 31,	
	2023	2022	2023	2022
Utah (1)	$142,475,177	$147,627,946	625,920	625,920
Louisiana	19,250	2,380,847	1,622	31,778
Mississippi (2)	-	2,881,863	-	19,694
	$142,494,427	$152,890,656	627,542	677,392

(1) Includes Center53

(2) This property was moved to held for sale

Operating leases arise from the leasing of the Company's commercial real estate held for investment. Initial lease terms generally range from three to ten years.

2) Investments (Continued)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments expected to be received.

2024	$ 11,816,339
2025	11,843,124
2026	10,695,017
2027	9,198,450
2028	9,009,534
Thereafter	46,371,762
Total	$ 98,934,226

The Company's commercial real estate held for sale is summarized as follows:

	Net Book Value December 31,		Total Square Footage December 31,	
	2023	2022	2023	2022
Mississippi (1)	$ 3,028,973	$ 151,553	19,694	-
	$ 3,028,973	$ 151,553	19,694	-

(1) Consists of approximately 93 acres of undeveloped land for $151,553 for 2023 and 2022. The remaining property for $2,877,420 was sold in February 2024 for a gain of approximately $250,000.

These properties are 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 2023 and 2022, the Company recorded impairment losses on residential real estate held for sale of nil and $94,000, respectively. Impairment losses, if any, are included in gains (losses) on investments and other assets on the consolidated statements of earnings.

During 2023 and 2022, the Company recorded depreciation expense on residential real estate held for investment of $10,592 and $10,592, 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.

2) Investments (Continued)

The Company's residential real estate held for investment is summarized as follows:

	Net Book Value December 31, 2023	Net Book Value December 31, 2022
Utah (1)	$ 40,924,865	$ 38,437,960
	$ 40,924,865	$ 38,437,960

(1) Includes multiple residential subdivision development projects

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

	December 31, 2023	December 31, 2022
Lots available for sale	42	80
Lots to be developed	1,145	1,131
Ending Balance	$ 40,739,201	$ 38,241,705

The Company's residential real estate held for sale is summarized as follows:

	Net Book Value December 31, 2023	Net Book Value December 31, 2022
Utah	$ -	$ 11,010,029(1)
	$ -	$ 11,010,029

(1) All sold in 2023

The net book value of foreclosed residential real estate included in residential real estate held for investment or sale was nil and $11,010,029 as of December 31, 2023 and 2022, respectively.

2) Investments (Continued)

Real Estate Owned and Occupied by the Company

The primary business units of the Company occupy a portion of the commercial real estate owned by the Company. As of December 31, 2023, real estate owned and occupied by the Company is summarized as follows:

Location	Business Segment	Approximate Square Footage	Square Footage Occupied by the Company
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%
1044 River Oaks Dr., Flowood, MS (1) (3)	Life Insurance Operations	19,694	28%
1818 Marshall Street, Shreveport, LA (2)	Life Insurance Operations	12,274	100%
909 Foisy Street, Alexandria, LA (2) (4)	Life Insurance Sales	8,059	100%
812 Sheppard Street, Minden, LA (2) (5)	Life Insurance Sales	1,560	100%
1550 N 3rd Street, Jena, LA (2) (3)	Life Insurance Sales	1,737	100%

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

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

(3) Listed for sale and sold during the first quarter of 2024

(4) Listed for sale and currently under contract

(5) Listed for sale

Mortgage Loans Held for Investment

The Company reports mortgage loans held for investment pursuant to the accounting policy discussed in Note 1 of the Notes to Consolidated Financial Statements.

Concentrations of credit risk arise when several 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 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. As of December 31, 2022, the Company had 64%, 10%, 5% and 5% of its mortgage loans from borrowers located in the states of Utah, Florida, California, and Texas, respectively.

Evaluation of Allowance for Credit Losses

See Note 1 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.

2) Investments (Continued)

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 $237,000 and $226,000 as of December 31, 2023 and 2022, respectively.

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

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

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

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

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.

2) Investments (Continued)

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.

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

	Commercial	Residential	Residential Construction	Total
December 31, 2023				
Allowance for credit losses:				
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)	476,717	843,521	(136,926)	1,183,312
Charge-offs	-	-	-	-
Ending balance - December 31, 2023	$ 1,219,653	$ 2,390,894	$ 208,106	$ 3,818,653
December 31, 2022				
Allowance for credit losses:				
Beginning balance - January 1, 2022	$ 187,129	$ 1,469,571	$ 43,202	$ 1,699,902
Change in provision for credit losses (2)	-	270,409	-	270,409
Charge-offs	-	-	-	-
Ending balance - December 31, 2022	$ 187,129	$ 1,739,980	$ 43,202	$ 1,970,311

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

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

2) Investments (Continued)

The following table presents the aging of mortgage loans held for investment by loan type.

	Commercial	Residential	Residential Construction	Total
December 31, 2023				
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	1,646,508	11,363,154	-	13,009,662
Current	72,530,030	91,790,433	104,052,748	268,373,211
Total mortgage loans	74,176,538	103,153,587	104,052,748	281,382,873
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	$ 72,567,191	$ 99,519,750	$ 103,529,896	$ 275,616,837
December 31, 2022				
30-59 days past due	$ 1,000,000	$ 3,553,390	$ -	$ 4,553,390
60-89 days past due	-	814,184	-	814,184
Over 90 days past due (1)	-	1,286,211	-	1,286,211
In process of foreclosure (1)	405,000	876,174	-	1,281,174
Total past due	1,405,000	6,529,959	-	7,934,959
Current	44,906,955	86,825,664	172,516,125	304,248,744
Total mortgage loans	46,311,955	93,355,623	172,516,125	312,183,703
Allowance for credit losses	(187,129)	(1,739,980)	(43,202)	(1,970,311)
Unamortized deferred loan fees, net	(199,765)	(1,212,994)	(333,846)	(1,746,605)
Unamortized discounts, net	(230,987)	(111,873)	-	(342,860)
Net mortgage loans held for investment	$ 45,694,074	$ 90,290,776	$ 172,139,077	$ 308,123,927

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

2) Investments (Continued)

Credit Quality Indicators

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

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

Credit Quality Indicator	2023	2022	2021	2020	2019	Prior	Total	% of Total
LTV:								
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%
Total	$35,828,880	$18,670,968	$5,233,248	$4,913,313	$2,964,740	$6,565,389	$74,176,538	100.00%
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	$35,828,880	$18,670,968	$5,233,248	$4,913,313	$2,964,740	$6,565,389	$74,176,538	100.00%

(1) Commercial construction loan

2) 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 December 31, 2023:

Credit Quality Indicator	2023	2022	2021	2020	2019	Prior	Total	% of Total
Performance Indicators:								
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	$15,337,828	$56,077,503	$7,521,995	$8,066,897	$2,786,562	$13,362,802	$103,153,587	100.00%

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

LTV:								
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	$15,337,828	$56,077,503	$7,521,995	$8,066,897	$2,786,562	$13,362,802	$103,153,587	100.00%

2) 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 December 31, 2023:

Credit Quality Indicator	2023	2022	2021	Total	% of Total
Performance Indicators:					
Performing	$ 60,311,679	$ 16,624,182	$ 27,116,887	$ 104,052,748	100.00%
Non-performing	-	-	-	-	0.00%
Total	$ 60,311,679	$ 16,624,182	$ 27,116,887	$ 104,052,748	100.00%
LTV:					
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%
Total	$ 60,311,679	$ 16,624,182	$ 27,116,887	$ 104,052,748	100.00%

Principal Amounts Due

The following table presents the amortized cost and contractual payments on mortgage loans held for investment by category as of December 31, 2023. Expected principal payments may differ from contractual obligations because certain borrowers may elect to pay off mortgage obligations with or without early payment penalties.

	Total	Principal Amounts Due in 1 Year	Principal Amounts Due in 2-5 Years	Principal Amounts Due Thereafter
Residential	$ 103,153,587	$ 2,554,380	$ 9,231,545	$ 91,367,662
Residential Construction	104,052,748	88,880,893	15,171,855	-
Commercial	74,176,538	39,562,489	19,457,975	15,156,074
Total	$ 281,382,873	$ 130,997,762	$ 43,861,375	$ 106,523,736

2) 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:

	Years Ended December 31,	
	2023	2022
30-59 days past due	$ 10,829,629	$ 10,621,443
60-89 days past due	3,709,754	3,997,484
Over 90 days past due	4,329,468	5,813,013
Total past due	18,868,851	20,431,941
Current	26,736,471	26,510,594
Total insurance assignments	45,605,322	46,942,536
Allowance for credit losses	(1,553,836)	(1,609,951)
Net insurance assignments	$ 44,051,486	$ 45,332,585

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 1 regarding the adoption of ASU 2016-13.

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

	Allowance
Beginning balance - January 1, 2023	$ 1,609,951
Change in provision for credit losses (1)	891,959
Charge-offs	(948,074)
Ending balance - December 31, 2023	$ 1,553,836
Beginning balance - January 1, 2022	$ 1,686,218
Change in provision for credit losses (1)	889,480
Charge-offs	(965,747)
Ending balance - December 31, 2022	$ 1,609,951

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

2) Investments (Continued)

Investment Related Earnings

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

	Years Ended December 31	
	2023	2022
Fixed maturity securities available for sale:		
Gross realized gains	$ 67,686	$ 205,949
Gross realized losses	(106,760)	(43,776)
Net credit loss (provision) release	(325,314)	-
Equity securities:		
Gains (losses) on securities sold	254,917	(10,519)
Unrealized gains (losses) on securities held at the end of the period	1,782,219	(2,109,556)
Real estate held for investment and sale:		
Gross realized gains	197,194	1,239,332
Gross realized losses	(71,792)	(825,593)
Other assets, including call and put option derivatives:		
Gross realized gains	214,349	686,703
Gross realized losses	(175,157)	-
Total	$ 1,837,342	$ (857,460)

The net 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 $730,000 in net gains and $817,000 in net losses for 2023 and 2022, respectively.

2) Investments (Continued)

Major categories of net investment income were as follows:

	Years Ended December 31	
	2023	2022
Fixed maturity securities available for sale	$ 16,871,558	$ 12,395,764
Equity securities	616,989	511,118
Mortgage loans held for investment	33,242,094	34,949,763
Real estate held for investment and sale	14,786,017	14,563,269
Policy loans	816,711	932,362
Insurance assignments	18,118,391	18,112,840
Other investments	617,420	518,865
Cash and cash equivalents	4,250,029	1,666,945
Gross investment income	89,319,209	83,650,926
Investment expenses	(16,976,162)	(17,453,334)
Net investment income	$ 72,343,047	$ 66,197,592

Net investment income includes income earned by the restricted assets and cemetery perpetual care trust investments of the cemeteries and mortuaries of $2,365,378 and $2,404,277 for 2023 and 2022, 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:

	Years Ended December 31,	
	2023	2022
Fixed maturity securities available for sale	$ 3,984,695	$ 3,563,767
Equity securities	20,451	14,496
Mortgage loans held for investment	2,661,092	3,220,709
Real estate held for investment	3,486,115	3,455,305
Policy Loans	-	37,951
Cash and cash equivalents	18,437	7,598
Total accrued investment income	$ 10,170,790	$ 10,299,826

3) 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 consolidated statement of earnings. Included in loans held for sale are loans in the process of foreclosure with an aggregate unpaid principal balance of $1,636,090 and nil as of December 31, 2023 and 2022, respectively. See Note 17 of the Notes to Consolidated Financial Statements for additional disclosures regarding loans held for sale.

3) Loans Held for Sale (Continued)

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

	December 31, 2023	December 31, 2022
Aggregate fair value	$ 126,549,190	$ 141,179,620
Unpaid principal balance	127,185,867	141,337,811
Unrealized loss	(636,677)	(158,191)

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:

	Years Ended December 31 2023	Years Ended December 31 2022
Loan fees	$ 21,724,456	$ 24,184,972
Interest income	9,547,741	9,666,149
Secondary gains	68,505,014	153,870,807(1)
Change in fair value of loan commitments	(1,123,615)	(4,308,638)
Change in fair value of loans held for sale	(478,460)	(8,834,797)
Provision for loan loss reserve	(27,164)	(1,078,812)
Mortgage fee income	$ 98,147,972	$ 173,499,681

(1) Includes a net gain of $34,051,938 for the sale of mortgage servicing rights

3) Loans Held for Sale (Continued)

Loan Loss Reserve

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

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

	December 31,	
	2023	2022
Beginning Balance	$ 1,725,667	$ 2,447,139
Provision for current loan originations (1)	27,164	1,078,812
Charge-offs, net of recaptured amounts	(1,205,598)	(1,800,284)
Ending Balance	$ 547,233	$ 1,725,667

(1) Included in Mortgage fee income

The Company maintains reserves for estimated losses on current production volumes. For 2023, $27,164 in reserves were added at a rate of 4.3 basis points per loan, the equivalent of $430 per $1,000,000 in loans originated. This is a decrease over 2022, when $1,078,812 in reserves were added at a rate of 3.19 basis points per loan originated, the equivalent of $319 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.

4) Receivables

Receivables consist of the following:

	December 31, 2023	December 31, 2022
Contracts with customers	$ 6,321,573	$ 5,392,779
Receivables from sales agents	3,252,840	2,209,185
Other	7,658,789	23,200,919
Total receivables	17,233,202	30,802,883
Allowance for credit losses	(1,897,887)	(2,229,791)
Net receivables	$ 15,335,315	$ 28,573,092

The Company records an allowance for credit losses for its receivables in accordance with GAAP. See Note 1 regarding the adoption of ASU 2016-13.

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

	Allowance
Beginning balance - January 1, 2023	$ 2,229,791
Change in provision for credit losses (1)	(110,935)
Charge-offs	(220,969)
Ending balance - December 31, 2023	$ 1,897,887
Beginning balance - January 1, 2022	$ 1,800,725
Change in provision for credit losses (1)	799,888
Charge-offs	(370,822)
Ending balance - December 31, 2022	$ 2,229,791

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

5) Value of Business Acquired, Goodwill and Other Intangible Assets

Information regarding value of business acquired was as follows:

	December 31, 2023	December 31, 2022
Balance at beginning of year	$ 9,803,736	$ 8,421,432
Value of business acquired	-	2,136,085
Imputed interest at 7% included in earnings	626,666(1)	642,919(1)
Amortization included in earnings	(1,926,668)(1)	(1,907,250)(1)
Shadow amortization included in other comprehensive income	(36,121)	510,550
Net amortization	(1,336,123)	(753,781)
Balance at end of year	$ 8,467,613	$ 9,803,736

(1) Included in Amortization of deferred policy and pre-need acquisition costs and value of business acquired on the consolidated statements of earnings

Presuming no additional acquisitions, net amortization charged to income is expected to approximate the following:

2024	$ 1,219,496
2025	1,112,965
2026	1,030,635
2027	957,074
2028	833,216
Thereafter	3,314,227
Total	$ 8,467,613

Actual amortization may vary based on changes in assumptions or experience. As of December 31, 2023, value of business acquired is being amortized over a weighted average life of 5.1 years.

5) Value of Business Acquired, Goodwill and Other Intangible Assets (Continued)

Information regarding goodwill by segment was as follows:

	Life Insurance	Cemetery/ Mortuary	Total
Balance at January 1, 2022:			
Goodwill	$ 2,765,570	$ 2,488,213	$ 5,253,783
Accumulated impairment	-	-	-
Total goodwill, net	2,765,570	2,488,213	5,253,783
Acquisition	-	-	-
Balance at December 31, 2022:			
Goodwill	2,765,570	2,488,213	5,253,783
Accumulated impairment	-	-	-
Total goodwill, net	2,765,570	2,488,213	5,253,783
Acquisition	-	-	-
Balance at December 31, 2023:			
Goodwill	2,765,570	2,488,213	5,253,783
Accumulated impairment	-	-	-
Total goodwill, net	$ 2,765,570	$ 2,488,213	$ 5,253,783

Goodwill is not amortized but is tested annually for impairment. The annual impairment tests resulted in no impairment of goodwill for 2023 and 2022.

5) Value of Business Acquired, Goodwill and Other Intangible Assets (Continued)

The carrying value of the Company's other intangible assets were as follows which is included in other assets:

		December 31,	
	Useful Life	2023	2022
Intangible asset - trade name (1)	15 years	$ 2,100,000	$ 2,100,000
Intangible assets - other (1)	15 years	210,000	210,000
Intangible asset - trade name (2)	15 years	610,000	610,000
Intangible asset - customer lists (3)	15 years	890,000	890,000
Less accumulated amortization		(807,333)	(553,333)
Balance at end of year		$ 3,002,667	$ 3,256,667

(1) Rivera Funerals, Cremations and Memorial Gardens

(2) Kilpatrick Life

(3) Beta Capital Corp

Amortization expense for 2023 and 2022 was $254,000 and $256,000, respectively, and is included in other expenses on the consolidated statements of earnings.

The following table summarizes the Company's estimate of future amortization for the other intangible assets:

2024	$ 254,000
2025	254,000
2026	254,000
2027	254,000
2028	254,000
Thereafter	1,732,667
Total	$ 3,002,667

6) Property and Equipment

Property and equipment is summarized below:

	December 31, 2023	December 31, 2022
Land and buildings	$ 16,567,819	$ 16,545,799
Furniture and equipment	16,315,061	17,567,906
	32,882,880	34,113,705
Less accumulated depreciation	(13,707,781)	(13,534,056)
Total	$ 19,175,099	$ 20,579,649

Depreciation expense for 2023 and 2022 was $2,351,661 and $2,496,906, respectively. Property and equipment are stated at cost and are depreciated over their estimated useful lives, primarily using the straight-line method. The Company recognized an impairment loss of $122,229 in 2023 on a property held by the life segment. This property is listed for sale and currently under contract. Impairment losses are included in gains (losses) on the consolidated statements of earnings.

7) Bank and Other Loans Payable

Bank and other loans payable are summarized as follows:

	December 31, 2023	December 31, 2022
Prime rate note payable in monthly installments of $75,108 including principal and interest, collateralized by shares of Security National Life Insurance Company stock, paid in full in June 2023.	$ -	$ 1,690,892
3.85% fixed note payable in monthly installments of $243,781 including principal and interest, collateralized by real property with a book value of approximately $62,977,000, due June 2032.	50,129,255	48,613,833
3.30% fixed note payable in monthly installments of $179,562 including principal and interest, collateralized by real property with a book value of approximately $44,811,000, due April 2031.	38,478,359	39,298,298
4.7865% fixed interest only note payable in monthly installments, collateralized by real property with a book value of approximately $16,594,000, due June 2028.	9,200,000	9,200,000
1 month SOFR rate plus 2.1% loan purchase agreement with a warehouse line availability of $100,000,000, expired December 2023 due to the lender exiting the market place.	-	17,978,527
1 month SOFR rate plus 2% loan purchase agreement with a warehouse line availability of $100,000,000, matures November 2024.	114,518	29,768,762
1 month SOFR rate plus 2.5% loan purchase agreement with a warehouse line availability of $75,000,000, expired December 2023 due to the lender exiting the market place.	-	15,131,410
1 month SOFR rate plus 2.1% loan purchase agreement with a warehouse line availability of $15,000,000, matures May 2024.	7,617,455	-
Finance lease liabilities	15,550	31,082
Total bank and other loans	105,555,137	161,712,804
Less current installments	(9,543,052)	(65,560,608)
Bank and other loans, excluding current installments	$ 96,012,085	$ 96,152,196

7) Bank and Other Loans Payable (Continued)

Sources of Liquidity

Federal Home Loan Bank Membership

The Federal Home Loan Banks ("the FHLBs") are a group of cooperatives that lending institutions use to finance housing and economic development in local communities. The Company is a member of the FHLB based in Des Moines, Iowa and based in Dallas, Texas. As a member of the FHLB, the Company is required to maintain a minimum investment in capital stock of the FHLB and may pledge collateral to the bank for advances of funds to be used in its operations.

Federal Home Loan Bank of Des Moines

As of December 31, 2023, the amount available for borrowings from the FHLB of Des Moines was approximately $77,324,238, compared with $80,312,445 as of December 31, 2022. United States Treasury fixed maturity securities with an estimated fair value of $88,400,026 as of December 31, 2023 have been pledged at the FHLB of Des Moines as collateral for current and potential borrowings compared with $86,338,880 at December 31, 2022. As of December 31, 2023 and 2022, the Company had no outstanding FHLB borrowings. As of December 31, 2023, the Company's total investment in FHLB stock was $453,600 compared with $856,800 as of December 31, 2022. As of December 31, 2023, the Company was contingently liable under standby letters of credit aggregating $5,823,496. These letters of credit are to be used to cover any contingency related to additional risk assessments pertaining to the Company's captive insurance program for $443,758 and for bonding of residential land development for $5,379,738.

Federal Home Loan Bank of Dallas

As of December 31, 2023, the amount available for borrowings from the FHLB of Dallas was approximately $5,104,610, compared with $5,719,671 as of December 31, 2022. Mortgage-Backed fixed maturity securities with an estimated fair value of $5,503,063 as of December 31, 2023 have been pledged at the FHLB of Dallas as collateral for current and potential borrowings compared with $6,696,100 at December 31, 2022. As of December 31, 2023 and 2022, the Company had no outstanding FHLB borrowings. As of December 31, 2023, the Company's total investment in FHLB stock was $1,826,200 compared with $1,743,500 as of December 31, 2022.

Revolving Lines of Credit

The Company has a $2,000,000 revolving line-of-credit with a bank with interest payable at the Prime rate plus 0.75% with a 3% prime floor, secured by the capital stock of Security National Life and maturing March 31, 2024, renewable annually. As of December 31, 2023, the Company was contingently liable under standby letters of credit aggregating $38,290, to be used as collateral for residential subdivision land development. The standby letters of credit will draw on the line of credit if necessary. The Company does not expect any material losses to result from the issuance of the standby letters of credit. As of December 31, 2023, there were no amounts outstanding under the revolving line-of-credit.

The Company also has a $2,500,000 revolving line-of-credit with a bank with interest payable at the daily simple SOFR plus 2.35%, which includes a mandatory .10% credit spread adjustment, maturing March 31, 2024. As of December 31, 2023, the Company was contingently liable under standby letters of credit aggregating $1,250,000, to be used as collateral for SecurityNational Mortgage's state licensing. The standby letters of credit will draw on the line of credit if necessary. The Company does not expect any material losses to result from the issuance of the standby letters of credit. As of December 31, 2023, there were no amounts outstanding under the revolving line-of-credit.

7) Bank and Other Loans Payable (Continued)

Debt Covenants for Mortgage Warehouse Lines of Credit

The Company, through its subsidiary 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. 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 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 December 31, 2023, 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 $7,732,000 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.

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 is required to provide segment specific financial statements and building specific financial statements on all bank loans. As of December 31, 2023, the Company was in compliance with all these debt covenants.

7) Bank and Other Loans Payable (Continued)

The following tabulation shows the combined maturities of bank and other loans payable:

2024	$	9,543,052
2025		1,881,631
2026		1,952,430
2027		2,026,547
2028		11,296,737
Thereafter		78,854,740
Total	$	105,555,137

Interest expense in 2023 and 2022 was $4,865,327 and $7,830,443, respectively.

8) 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 December 31, 2023 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2023:				
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	$ 647,261	$ 302	$ (5,859)	$ 641,704
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	$ 3,614,392	$ 859,680	$ (146,771)	$ 4,327,301
Mortgage loans held for investment at amortized cost:				
Residential construction	$ 247,360			
Less: Allowance for credit losses	(495)			
Total mortgage loans held for investment	$ 246,865			
Cash and cash equivalents	$ 2,867,047			
Total cemetery perpetual care trust investments	$ 8,082,917			
Cemetery perpetual care obligation	$ (5,326,196)			
Trust investments in excess of trust obligations	$ 2,756,721			

8) Cemetery Perpetual Care Trust Investments and Obligation and Restricted Assets (Continued)

The components of the cemetery perpetual care investments and obligation as of December 31, 2022 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2022:				
Fixed maturity securities, available for sale, at estimated fair value:				
U.S. Treasury securities and obligations of U.S. Government agencies	$ 89,004	$ 42	$ (38)	$ 89,008
Obligations of states and political subdivisions	174,201	-	(8,478)	165,723
Total fixed maturity securities available for sale	$ 263,205	$ 42	$ (8,516)	$ 254,731
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	$ 3,195,942	$ 584,383	$ (175,163)	$ 3,605,162
Total equity securities at estimated fair value	$ 3,195,942	$ 584,383	$ (175,163)	$ 3,605,162
Mortgage loans held for investment at amortized cost:				
Residential construction	$ 1,506,517			
Real estate held for investment: Residential	$ (16,178)			
Cash and cash equivalents	$ 1,925,978			
Total cemetery perpetual care trust investments	$ 7,276,210			
Cemetery perpetual care obligation	$ (5,099,542)			
Trust investments in excess of trust obligations	$ 2,176,668			

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 December 31, 2023 and 2022. The unrealized losses were primarily related to interest rate fluctuations. The tables set forth unrealized losses by duration with the fair value of the related fixed maturity securities:

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Fair Value
At December 31, 2023						
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
Total unrealized losses	$ 574	$143,448	$ 5,285	$164,179	$ 5,859	$307,627
At December 31, 2022						
U.S. Treasury securities and obligations of U.S. Government agencies	$ 38	$ 59,392	$ -	$ -	$ 38	$ 59,392
Obligations of states and political subdivisions	1,845	94,612	6,633	71,112	8,478	165,724
Total unrealized losses	$ 1,883	$154,004	$ 6,633	$ 71,112	$ 8,516	$225,116

8) Cemetery Perpetual Care Trust Investments and Obligation and Restricted Assets (Continued)

Relevant holdings were comprised of four securities with fair values aggregating 98.1% of aggregate amortized cost as of December 31, 2023. There were five securities with fair values aggregating 96.4% of aggregate amortized cost as of December 31, 2022. No credit losses have been recognized for 2023 and 2022, since the increase in unrealized losses is primarily a result of increases in interest rates. See Note 2 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 December 31, 2023, by contractual maturity. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year	$ 333,775	$ 334,077
Due in 2-5 years	259,814	254,126
Due in 5-10 years	-	-
Due in more than 10 years	53,672	53,501
Total	$ 647,261	$ 641,704

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.

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2023:				
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	$ 1,860,195	$ 1,947	$ (8,282)	$ 1,853,860
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	$ 6,516,044	$ 1,117,155	$ (247,996)	$ 7,385,203
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	$ 675,219			
Cash and cash equivalents (1)	$ 10,114,694			
Total restricted assets	$ 20,028,976			

(1) Including cash and cash equivalents of $6,930,933 for the life insurance and mortgage segments.

8) Cemetery Perpetual Care Trust Investments and Obligation and Restricted Assets (Continued)

Restricted assets as of December 31, 2022 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2022:				
Fixed maturity securities, available for sale, at estimated fair value:				
Obligations of states and political subdivisions	$ 1,033,047	$ 866	$ (15,360)	$ 1,018,553
Corporate securities including public utilities	201,771	-	(3,016)	198,755
Total fixed maturity securities available for sale	$ 1,234,818	$ 866	$ (18,376)	$ 1,217,308
Equity securities at estimated fair value:				
Common stock:				
Industrial, miscellaneous and all other	$ 4,955,360	$ 703,049	$ (310,165)	$ 5,348,244
Total equity securities at estimated fair value	$ 4,955,360	$ 703,049	$ (310,165)	$ 5,348,244
Mortgage loans held for investment at amortized cost:				
Residential construction	$ 1,731,469			
Cash and cash equivalents (1)	$ 10,638,034			
Total restricted assets	$ 18,935,055			

(1) Including cash and cash equivalents of $8,527,620 for the life insurance and mortgage segments.

A surplus note receivable in the amount of $4,000,000 at December 31, 2023 and 2022, from Security National Life, was eliminated in consolidation.

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 December 31, 2023 and 2022. The unrealized losses were primarily related to interest rate fluctuations. The tables set forth unrealized losses by duration with the fair value of the related fixed maturity securities.

	Unrealized Losses for Less than Twelve Months	Fair Value	Unrealized Losses for More than Twelve Months	Fair Value	Total Unrealized Loss	Fair Value
At December 31, 2023						
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
Total unrealized losses	$ 1,000	$ 249,877	$ 7,282	$ 673,319	$ 8,282	$ 923,196
At December 31, 2022						
Obligations of states and political subdivisions	$ 11,891	$ 760,255	$ 3,469	$ 58,072	$ 15,360	$ 818,327
Corporate securities including public utilities	3,016	198,755	-	-	3,016	198,755
Total unrealized losses	$ 14,907	$ 959,010	$ 3,469	$ 58,072	$ 18,376	$ 1,017,082

8) Cemetery Perpetual Care Trust Investments and Obligation and Restricted Assets (Continued)

Relevant holdings were comprised of 12 securities with fair values aggregating 99.1% of aggregate amortized cost as of December 31, 2023. Relevant holdings were comprised of 17 securities with fair values aggregating of 98.2% of aggregate amortized cost at December 31, 2022. No credit losses have been recognized for 2023 and 2022, 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 December 31, 2023, by contractual maturity. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year	$ 681,860	$ 683,293
Due in 2-5 years	462,189	457,618
Due in 5-10 years	147,422	147,121
Due in more than 10 years	568,724	565,828
Total	$ 1,860,195	$ 1,853,860

See Notes 1, 2 and 17 for additional information regarding restricted assets and cemetery perpetual care trust investments.

9) Income Taxes

The Company's income tax liability is summarized as follows:

	December 31, 2023	December 31, 2022
Current	$ 246,437	$ 16,352,190
Deferred	13,506,544	14,358,337
Total	$ 13,752,981	$ 30,710,527

Significant components of the Company's deferred tax assets and liabilities are approximately as follows:

	December 31, 2023	December 31, 2022
Assets		
Future policy benefits	$ 14,902,816	$ 14,605,453
Loan loss reserve	142,281	448,673
Unearned premium	534,203	582,459
Net operating loss	1,050,770	237,855
Deferred compensation	2,138,385	2,166,593
Tax on unrealized appreciation	491,271	2,590,726
Other	917,335	601,335
Less: Valuation allowance	-	(1,506,144)
Total deferred tax assets	20,177,061	19,726,950
Liabilities		
Deferred policy acquisition costs	18,478,562	17,511,778
Basis difference in property, equipment and real estate	11,054,092	11,959,391
Value of business acquired	1,778,199	2,058,785
Deferred gains	1,308,365	1,490,946
Trusts	1,064,387	1,064,387
Total deferred tax liabilities	33,683,605	34,085,287
Net deferred tax liability	$ 13,506,544	$ 14,358,337

The valuation allowance relates to differences between recorded deferred tax assets and liabilities and ultimate anticipated realization.

9) Income Taxes (Continued)

The Company's income tax expense is summarized as follows:

	December 31, 2023	December 31, 2022
Current		
Federal	$ 4,091,306	$ 15,346,331
State	209,537	3,294,234
	4,300,843	18,640,565
Deferred		
Federal	(2,139,124)	(7,400,620)
State	(356,365)	(2,553,385)
	(2,495,489)	(9,954,005)
Total	$ 1,805,354	$ 8,686,560

The reconciliation of income tax expense at the U.S. federal statutory rates is as follows:

	December 31, 2023	December 31, 2022
Computed expense at statutory rate	$ 3,423,086	$ 7,219,141
State tax expense (benefit), net of federal tax benefit	(115,994)	585,269
Change in valuation allowance	(1,506,144)	623,609
Other, net	4,406	258,541
Income tax expense	$ 1,805,354	$ 8,686,560

The Company's overall effective tax rate for 2023 and 2022 was 11.1% and 25.3% respectively. The Company's effective tax rates differ from the U.S. federal statutory rate of 21% partially due to its provision for state income taxes and a decrease to the valuation allowance related to Kilpatrick Life Insurance Company. The decrease in the effective tax rate when compared to the prior year is partially due to a decrease to the valuation allowance in the current period when compared to the prior period year.

As of December 31, 2023, the Company had no significant unrecognized tax benefits. As of December 31, 2023, the Company does not expect any material changes to the estimated amount of unrecognized tax benefits in the next twelve months. Federal and state income tax returns for 2020 through 2023 are subject to examination by taxing authorities.

Net Operating Losses and Tax Credit Carryforwards:

Year of Expiration	
2024	$ -
2025	-
2026	-
2027	-
2028	-
Thereafter up through 2038	903,042
Indefinite carryforwards	2,396,389
	$ 3,299,431

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 and has assets held in trust related to certain agreements. 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 had a significant concentration of credit risk with a single reinsurer of 94.0% and 93.7% of ceded life insurance in force as of December 31, 2023 and 2022, respectively. This represented approximately 8.8% and 11.3% of the Company's total life insurance in force as of December 31, 2023 and 2022, respectively. See Financial Statement Schedule IV for information regarding life insurance in force and premiums for reinsurance.

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 potential losses on loans sold. See Note 3 for additional information about the Company's loan loss reserve.

Non-Cancelable Leases

The Company leases office space and equipment under various non-cancelable agreements. See Note 23 regarding leases.

Other Contingencies and Commitments

The Company has commitments to fund existing construction and land development loans pursuant to the various loan agreements. As of December 31, 2023, the Company's commitments were approximately $146,953,000 for these loans, of which $104,977,000 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 representations 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.

11) Retirement Plans

The Company has three 401(k) savings plans covering all eligible employees which include employer participation in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plans allow participants to make pretax contributions up to a maximum of $22,500 and $20,500 for the years 2023 and 2022, respectively or the statutory limits. The Company matched 100% of up to 3% of an employee's total annual compensation and matched 50% of 4% to 5% of an employee's annual compensation. The match was in Company stock. The Company's contribution for 2023 and 2022 was $1,819,275 and $2,573,956, respectively under the plan.

The Company has a Non-Qualified Deferred Compensation Plan. Under the terms of the Plan, the Company will provide deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended. The Board has appointed a Committee of the Company to be the Plan Administrator and to determine the employees who are eligible to participate in the plan. The employees who participate may elect to defer a portion of their compensation into the plan. The Company may contribute into the plan at the discretion of the Company's Board of Directors. The Company did not make any contributions for 2023 and 2022.

Effective December 2, 2022, the Board members approved a motion to extend the Chief Executive Officer's employment agreement, dated December 4, 2012, for an additional two-year term ending December 2024. In the event of disability, the Chief Executive Officer's salary would be continued for up to five years at 75% of its current level of compensation. In the event of a sale or merger of the Company and the Chief Executive Officer is not retained in his current position, the Company would be obligated to continue paying the Chief Executive Officer's current compensation and benefits for seven years following the merger or sale. The agreement further provides that the Chief Executive Officer is entitled to receive annual retirement benefits beginning (i) one month from the date of his retirement (to commence no sooner than age 65), (ii) five years following complete disability, or (iii) upon termination of his employment without cause. These retirement benefits are to be paid for a period of twenty years in annual installments in the amount equal to 75% of his then current level of compensation. If the Chief Executive Officer dies prior to receiving all retirement benefits thereunder, the remaining benefits are to be paid to his heirs. The Company expensed nil and nil during 2023 and 2022, respectively, to cover the present value of anticipated retirement benefits under the employment agreement. The liability accrued was $7,556,363 and $7,556,363 as of December 31, 2023 and 2022, respectively.

The Company, through its wholly owned subsidiary, SecurityNational Mortgage, also has an employment agreement with its former Vice President of Mortgage Operations and President of SecurityNational Mortgage, who retired from the Company on December 31, 2015. Under the terms of the employment agreement, this individual is entitled to receive retirement benefits from the Company for a period of ten years in an amount equal to 50% of his rate of compensation at the time of his retirement, which was $267,685 for the year ended December 31, 2015. Such retirement payments are paid monthly during the ten-year period. If this individual dies prior to receiving all his retirement benefits under his employment agreement, the remaining benefits will be made to his heirs. The company paid $133,843 and $133,843 in retirement compensation to this individual during 2023 and 2022, respectively. The liability accrued was $267,686 and $401,529 as of December 31, 2023 and 2022, respectively and is included in other liabilities and accrued expenses on the consolidated balance sheets.

12) Capital Stock

The Company has one class of preferred stock of $1.00 par value, 5,000,000 shares authorized, of which none are issued. The preferred stock is non-voting.

The Company has two classes of common stock with shares outstanding, Class A common shares and Class C common shares. Class C shares have 10 votes per share on all matters except for the election of one third of the directors who are elected solely by the Class A shares. Class C shares are convertible into Class A shares at any time on a one-to-one ratio.

Stockholders of both Class A and Class C common stock have received 5% stock dividends in the years 1990 through 2019, a 7.5% stock dividend in the year 2020, and a 5% stock dividend in the years 2021 through 2023, as authorized by the Company's Board of Directors.

The Company has Class B common stock of $1.00 par value, 5,000,000 shares authorized, of which none are issued. Class B shares are non-voting stock except to any proposed amendment to the Articles of Incorporation which would affect Class B common stock.

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

	Class A	Class C
Outstanding shares at December 31, 2021	17,642,722	2,866,565
Exercise of stock options	109,587	-
Stock dividends	889,554	139,462
Conversion of Class C to Class A	116,168	(116,168)
Outstanding shares at December 31, 2022	18,758,031	2,889,859
Exercise of stock options	279,177	-
Vesting of restricted stock units	1,215	-
Stock dividends	949,980	141,594
Conversion of Class C to Class A	59,599	(59,599)
Outstanding shares at December 31, 2023	20,048,002	2,971,854

12) Capital Stock (Continued)

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:

	Years Ended December 31,	
	2023	2022
Numerator:		
Net earnings	$ 14,495,058	$ 25,690,302
Denominator:		
Denominator for basic earnings per share-weighted-average shares	22,083,772	22,187,410
Effect of dilutive securities		
Employee stock options	594,196	848,323
Unvested restricted stock units	-	395
Dilutive potential common shares	594,196	848,718
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	22,677,968	23,036,128
Basic earnings per share	$ 0.66	$ 1.16
Diluted earnings per share	$ 0.64	$ 1.12

For 2023 and 2022, there were nil and 339,150 of anti-dilutive employee 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.

13) 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 $601,058 and $929,321 has been recognized under these plans for 2023 and 2022, respectively, and is included in personnel expenses on the consolidated statements of earnings. As of December 31, 2023, the total unrecognized compensation expense related to the stock options issued was $677,948, which is expected to be recognized over the remaining vesting period.

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

The following table summarizes the assumptions used in estimating the fair value of each stock option granted along with the weighted-average fair value of the stock options granted.

			Assumptions				
Grant Date	Plan	Weighted-Average Fair Value of Each Option	Expected Dividend Yield (1)	Underlying stock FMV	Weighted-Average Volatility	Weighted-Average Risk-Free Interest Rate	Weighted-Average Expected Life (years)
December 1, 2023	All Plans	$ 1.88	5%	$ 7.99	36.76%	4.14%	4.9
January 30, 2023	All Plans	$ 1.65	5%	$ 7.10	36.73%	3.64%	5.31
January 18, 2023	All Plans	$ 1.70	5%	$ 7.37	36.79%	3.40%	5.31
December 2, 2022	All Plans	$ 1.48	5%	$ 6.48	37.03%	3.69%	4.88

(1) Stock dividend

13) Stock Compensation Plans (Continued)

Activity of the stock option plans is summarized as follows:

	Number of Class A Shares	Weighted Average Exercise Price	Number of Class C Shares	Weighted Average Exercise Price
Outstanding at January 1, 2022	1,024,351	$ 4.38	821,146	$ 5.26
Adjustment for the effect of stock dividends	47,780		41,057	
Granted	82,500		295,000	
Exercised	(176,435)		-	
Cancelled	(1,591)		-	
Outstanding at December 31, 2022	976,605	$ 4.56	1,157,203	$ 5.31
Adjustment for the effect of stock dividends	38,266		57,859	
Granted	106,500		305,000	
Exercised	(286,965)		-	
Cancelled	(836)		-	
Outstanding at December 31, 2023	833,570	$ 5.22	1,520,062	$ 5.86
Exercisable at end of year	739,070	$ 4.87	1,215,062	$ 5.31
Available options for future grant	92,820		529,750	
Weighted average contractual term of options outstanding at December 31, 2023	5.25 years		6.50 years	
Weighted average contractual term of options exercisable at December 31, 2023	4.66 years		5.90 years	
Aggregated intrinsic value of options outstanding at December 31, 2023 (1)	$ 3,149,704		$ 4,765,559	
Aggregated intrinsic value of options exercisable at December 31, 2023 (1)	$ 3,049,987		$ 4,483,509	

(1) The Company used a stock price of $9.00 as of December 31, 2023 to derive intrinsic value.

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 2023 and 2022 was $657,354 and $619,064, respectively.

13) Stock Compensation Plans (Continued)

Restricted Stock Units ("RSUs")

Stock based compensation expense for RSUs issued of $304 and $371 has been recognized under these plans for the 2023 and 2022, respectively, and is included in personnel expenses on the consolidated statements of earnings. As of December 31, 2023, the total unrecognized compensation expense related to the RSUs issued was $3,263, which is expected to be recognized over the remaining vesting period.

Activity of the RSUs is summarized as follows:

	Number of Class A Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2022	1,620	$ 6.48
Granted	1,840	
Vested	(1,215)	
Non-vested at December 31, 2023	2,245	$ 7.72
Available RSUs for future grant	16,540	

14) Statutory Financial Information and Dividend Limitations

The Company's insurance subsidiaries prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the insurance department of the applicable state of domicile. Prescribed statutory accounting practices include a variety of publications of the NAIC, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The states in which the Company's life insurance subsidiaries are domiciled require the preparation of statutory-basis financial statements in conformity with the NAIC Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the applicable insurance commissioner and/or director. Statutory accounting practices differ from GAAP primarily since they require charging policy acquisition and certain sales inducement costs to expense as incurred, establishing life insurance reserves based on different actuarial assumptions, and valuing certain investments and establishing deferred taxes on a different basis.

Statutory net income and capital and surplus of the Company's insurance subsidiaries, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities are as follows:

	Statutory Net Income Years Ended December 31,		Statutory Capital and Surplus December 31,	
	2023	2022	2023	2022
Amounts by insurance subsidiary:				
Security National Life Insurance Company	$ 7,419,511	$ 9,126,955	$ 76,330,794	$ 66,753,938
Kilpatrick Life Insurance Company	2,967,779	2,373,682	20,535,591	17,300,717
First Guaranty Insurance Company	958,497	1,007,026	8,427,355	8,107,405
Southern Security Life Insurance Company, Inc.	35	(2,691)	1,578,322	1,579,971
Trans-Western Life Insurance Company	15	4,008	512,570	512,555
Total	$ 11,345,837	$ 12,508,980	$ 107,384,632	$ 94,254,586

The Utah, Louisiana, Mississippi, and Texas Insurance Departments impose minimum risk-based capital ("RBC") requirements that were developed by the NAIC on insurance enterprises. The formulas for determining the RBC specify various factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio (the Ratio) of the enterprise's regulatory total adjusted capital, as defined by the NAIC, to its authorized control level, as defined by the NAIC. Enterprises below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The life insurance subsidiaries each have a ratio that is greater than the first level of regulatory action as of December 31, 2023. The Company does not have any guarantees to maintain the capital and surplus of any affiliates except for the Company's agreement to provide additional capital to Security National Life Insurance Company in the event risk-based capital drops below 350% of the authorized control level.

Generally, the net assets of the life insurance subsidiaries available for transfer to the Company are limited to the amounts of the life insurance subsidiaries net assets, as determined in accordance with statutory accounting practices, that exceed minimum statutory capital requirements. Additional requirements must be met depending on the state, and payments of such amounts as dividends are subject to approval by regulatory authorities.

14) Statutory Financial Information and Dividend Limitations (Continued)

Under the Utah Insurance Code, Security National Life Insurance Company is permitted to pay stockholder dividends, or otherwise make distributions, to the Company subject to certain limitations. Security National Life Insurance Company must ensure that its surplus held for policyholders is reasonable in relation to its outstanding liabilities and adequate to its financial needs after payment of any such dividend or distribution. Furthermore, where any dividend or distribution, together with all other dividends and distributions made within the preceding 12 months, exceeds the lesser of (i) 10% of its surplus held for policyholders as of the next preceding December 31; or (ii) its net gain from operations, not including realized capital gains, for the 12-month period ending the next preceding December 31, such dividend or distribution constitutes “extraordinary” under Utah law and Security National Life Insurance Company would be required to file notice of its intention to declare such a dividend or make such a distribution with the Utah Commissioner and the Utah Commissioner must either approve the distribution or dividend or not disapprove the dividend or distribution within 30 days’ of the notice filing. Based on Security National Life Insurance Company’s surplus held for policyholders and net gain from operations as of December 31, 2023, the maximum aggregate amount of dividends and distributions that it could pay or make in 2024 and which would not constitute an “extraordinary” dividend or distribution under Utah law and would therefore not require notice and approval or lack of disproval from the Utah Commissioner, would be approximately $7,357,000.

Under the Louisiana Insurance Code, First Guaranty Insurance Company and Kilpatrick Life Insurance Company are permitted to pay stockholder dividends, or otherwise make distributions, to the Company subject to certain limitations. First Guaranty Insurance Company and Kilpatrick Life Insurance Company must ensure that its surplus held for policyholders is reasonable in relation to its outstanding liabilities and adequate to its financial needs after payment of any such dividend or distribution. Furthermore, where any dividend or distribution, together with all other dividends and distributions made within the preceding 12 months, exceeds the lesser of (i) 10% of its surplus held for policyholders as of the next preceding December 31; or (ii) its net gain from operations, not including realized capital gains, for the 12-month period ending the next preceding December 31, such dividend or distribution constitutes “extraordinary” under Louisiana law and First Guaranty Insurance Company and Kilpatrick Life Insurance Company would be required to file notice of its intention to declare such a dividend or make such a distribution with the Louisiana Commissioner and the Louisiana Commissioner must either approve the distribution or dividend or not disapprove the dividend or distribution within 30 days’ of the notice filing. Based on First Guaranty Insurance Company’s and Kilpatrick Life Insurance Company’s surplus held for policyholders and net gain from operations as of December 31, 2023, the maximum aggregate amount of dividends and distributions that it could pay or make in 2024 and which would not constitute an “extraordinary” dividend or distribution under Louisiana law and would therefore not require notice and approval or lack of disproval from the Louisiana Commissioner, would be approximately $742,000 for First Guaranty Insurance Company and $1,973,000 for Kilpatrick Life Insurance Company.

15) 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 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 originations of residential mortgage loans and interest earned and interest expenses from warehousing pre-sold loans before the funds are received from financial institutional investors.

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. 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.

15) Business Segment Information (Continued)

	Year Ended December 31, 2023				
	Life Insurance	Cemetery/ Mortuary	Mortgage	Intercompany Eliminations	Consolidated
Revenues:					
From external sources:					
Revenue from customers	$ 114,735,304	$ 27,864,811	$ 98,071,104	-	$ 240,671,219
Net investment income	67,811,926	2,951,577	1,579,544	-	72,343,047
Gains (losses) on investments and other assets	962,824	717,312	157,206	-	1,837,342
Other revenues	1,666,020	404,256	1,575,606	-	3,645,882
Intersegment revenues:					
Net investment income	8,203,306	340,001	531,406	(9,074,713)	-
Total revenues	193,379,380	32,277,957	101,914,866	(9,074,713)	318,497,490
Expenses:					
Death, surrenders and other policy benefits	66,002,863	-	-	-	66,002,863
Increase in future policy benefits	34,008,997	-	-	-	34,008,997
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	17,485,699	538,639	-	-	18,024,338
Selling, general and administrative expenses:					
Commissions	3,963,185	1,777,071	34,189,300	-	39,929,556
Personnel	26,769,211	9,722,659	46,649,889	-	83,141,759
Advertising	638,071	663,113	2,409,261	-	3,710,445
Rent and rent related	414,564	159,877	6,282,696	-	6,857,137
Depreciation on property and equipment	880,116	812,641	658,904	-	2,351,661
Provision for loan loss reserve	-	-	-	-	-
Cost related to funding mortgage loans	-	-	6,440,439	-	6,440,439
Intersegment	310,689	143,652	1,930,370	(2,384,711)	-
Other	12,991,888	4,961,320	14,105,648	-	32,058,856
Interest expense:					
Intersegment	560,718	247,664	5,881,620	(6,690,002)	-
Other	4,081,348	955	783,024	-	4,865,327
Costs of goods and services sold-mortuaries and cemeteries	-	4,805,700	-	-	4,805,700
Total benefits and expenses	168,107,349	23,833,291	119,331,151	(9,074,713)	302,197,078
Earnings (loss) before income taxes	$ 25,272,031	$ 8,444,666	$ (17,416,285)	$ -	$ 16,300,412
Income tax benefit (expense)	(3,655,148)	(2,131,289)	3,981,083	-	(1,805,354)
Net earnings (loss)	$ 21,616,883	$ 6,313,377	$ (13,435,202)	$ -	$ 14,495,058
Identifiable assets	$ 1,325,287,933	$ 95,059,724	$ 97,018,754	$ (93,063,440)	$ 1,424,302,971
Goodwill	$ 2,765,570	$ 2,488,213	$ -	$ -	$ 5,253,783

15) Business Segment Information (Continued)

	Year Ended December 31, 2022				
	Life Insurance	Cemetery/ Mortuary	Mortgage	Intercompany Eliminations	Consolidated
Revenues:					
From external sources:					
Revenue from customers	$ 105,144,646	$ 26,993,855	$ 173,356,675	-	$ 305,495,176
Net investment income	62,565,021	2,444,599	1,187,972	-	66,197,592
Gains (losses) on investments and other assets	(459,462)	(796,096)	398,098	-	(857,460)
Other revenues	1,932,402	305,073	16,579,545	-	18,817,020
Intersegment revenues:					
Net investment income	6,601,132	451,139	356,574	(7,408,845)	-
Total revenues	175,783,739	29,398,570	191,878,864	(7,408,845)	389,652,328
Expenses:					
Death, surrenders and other policy benefits	64,066,432	-	-	-	64,066,432
Increase in future policy benefits	28,858,969	-	-	-	28,858,969
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	17,352,803	597,399	-	-	17,950,202
Selling, general and administrative expenses:					
Commissions	4,097,680	1,372,200	57,851,212	-	63,321,092
Personnel	26,285,207	9,305,429	64,520,887	-	100,111,523
Advertising	1,649,273	628,114	3,420,611	-	5,697,998
Rent and rent related	384,908	163,182	6,334,923	-	6,883,013
Depreciation on property and equipment	1,036,521	759,415	700,970	-	2,496,906
Provision for loan loss reserve	-	-	-	-	-
Cost related to funding mortgage loans	-	-	7,540,041	-	7,540,041
Intersegment	232,915	160,690	1,795,507	(2,189,112)	-
Other	13,190,827	5,321,730	27,285,196	-	45,797,753
Interest expense:					
Intersegment	462,753	274,911	4,482,069	(5,219,733)	-
Other	3,969,905	710	3,859,828	-	7,830,443
Costs of goods and services sold-mortuaries and cemeteries	-	4,721,094	-	-	4,721,094
Total benefits and expenses	161,588,193	23,304,874	177,791,244	(7,408,845)	355,275,466
Earnings before income taxes	$ 14,195,546	$ 6,093,696	$ 14,087,620	$ -	$ 34,376,862
Income tax expense	(4,034,979)	(1,523,954)	(3,127,627)	-	(8,686,560)
Net earnings	$ 10,160,567	$ 4,569,742	$ 10,959,993	$ -	$ 25,690,302
Identifiable assets	$ 1,246,840,586	$ 82,320,929	$ 219,872,163	$ (93,174,569)	$ 1,455,859,109
Goodwill	$ 2,765,570	$ 2,488,213	$ -	$ -	$ 5,253,783

16) Related Party Transactions

The Company’s Board of Directors has a written procedure, which requires disclosure to the Board of any material interest or any affiliation on the part of any of its officers, directors or employees that is in conflict or may conflict with the interests of the Company. The Company and its Board of Directors are unaware of any related party transactions that require disclosure as of December 31, 2023.

17) 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.

17) Fair Value of Financial Instruments (Continued)

Restricted Assets: A portion of these assets include equity securities and fixed maturity securities available for sale 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 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 available for sale 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 consolidated balance sheets for these financial instruments approximate their fair values due to their short-term nature

Call and Put Options: The Company uses quoted market prices to value its call and put options.

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

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 and may contain significant unobservable inputs.

Loan Commitments and Forward Sale Commitments: The Company's mortgage segment enters into loan commitments with potential borrowers and forward sale commitments to sell loans to 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 fund 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 area comparable properties and property condition as well as potential rental income that could be generated (particularly for commercial properties). For residential construction loans, the collateral is typically incomplete, so 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.

17) Fair Value of Financial Instruments (Continued)

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 used market data based upon its real estate operation experience and projected the present value of the net rental income over seven years. The Company also considers area comparable properties and property condition when determining fair value.

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

Mortgage Servicing Rights: The Company initially recognizes 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.

The following table summarizes Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the 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)
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	$ 540,924,801	$ 25,348,575	$ 382,792,894	$ 132,783,332
Liabilities accounted for at fair value on a recurring basis				
Derivatives - loan commitments (4)	$ (3,412,224)	$ -	$ -	$ (3,412,224)
Total liabilities accounted for at fair value on a recurring basis	$ (3,412,224)	$ -	$ -	$ (3,412,224)

(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

17) Fair Value of Financial Instruments (Continued)

The following table summarizes Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the consolidated balance sheet as of December 31, 2022.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturity securities available for sale	$ 345,858,492	$ -	$ 344,422,973	$ 1,435,519
Equity securities	11,682,526	11,682,526	-	-
Loans held for sale	141,179,620	-	-	141,179,620
Restricted assets (1)	1,217,308	-	1,217,308	-
Restricted assets (2)	5,348,244	5,348,244	-	-
Cemetery perpetual care trust investments (1)	254,731	-	254,731	-
Cemetery perpetual care trust investments (2)	3,605,162	3,605,162	-	-
Derivatives - loan commitments (3)	4,089,856	-	-	4,089,856
Total assets accounted for at fair value on a recurring basis	$ 513,235,939	$ 20,635,932	$ 345,895,012	$ 146,704,995
Liabilities accounted for at fair value on a recurring basis				
Derivatives - call options (4)	$ (29,715)	$ (29,715)	$ -	$ -
Derivatives - put options (4)	(13,888)	(13,888)	-	-
Derivatives - loan commitments (4)	(1,382,979)	-	-	(1,382,979)
Total liabilities accounted for at fair value on a recurring basis	$ (1,426,582)	$ (43,603)	$ -	$ (1,382,979)

(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

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 12/31/2023	Valuation Technique	Significant Unobservable Input(s)	Range of Inputs Minimum Value	Range of Inputs Maximum Value	Weighted Average
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	70.0%	99.0%	86.0%
			Initial-Value	N/A	N/A	N/A
			Servicing	0 bps	119 bps	49 bps
Fixed maturity securities available for sale	1,238,656	Broker quotes	Pricing quotes	$ 98.40	$ 102.46	$ 99.86

17) Fair Value of Financial Instruments (Continued)

For Level 3 assets and liabilities measured at fair value on a recurring basis as of December 31, 2022, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value at 12/31/2022	Valuation Technique	Significant Unobservable Input(s)	Range of Inputs Minimum Value	Range of Inputs Maximum Value	Weighted Average
Loans held for sale	$ 141,179,620	Market approach	Investor contract pricing as a percentage of unpaid principal balance	69.9%	106.1%	99.8%
Derivatives - loan commitments (net)	2,706,877	Market approach	Pull-through rate	65.0%	95.0%	82.2%
			Initial-Value	N/A	N/A	N/A
			Servicing	0 bps	153 bps	73 bps
Fixed maturity securities available for sale	1,435,519	Broker quotes	Pricing quotes	$ 100.00	$ 111.11	$ 104.97

The following table is a summary of changes in the consolidated balance sheet line items measured using level 3 inputs:

	Net Derivatives 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/purchases	-	2,173,080,584	-
Sales, maturities and paydowns	-	(2,224,454,040)	(129,521)
Transfer to mortgage loans held for investment	-	(3,017,626)	-
Total gains (losses):			
Included in earnings	(1,123,615)(1)	39,760,652(1)	(108)(2)
Included in other comprehensive income	-	-	(67,234)
Balance - December 31, 2023	$ 1,583,262	$ 126,549,190	$ 1,238,656

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

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

The following table is a summary of changes in the consolidated balance sheet line items measured using level 3 inputs:

	Net Derivatives Loan Commitments	Loans Held for Sale	Fixed Maturity Securities Available for Sale
Balance - December 31, 2021	$ 7,015,515	$ 302,776,827	$ 2,023,348
Originations/purchases	-	3,373,554,484	-
Sales, maturities and paydowns	-	(3,549,405,402)	(528,980)
Transfer to mortgage loans held for investment	-	(51,691,213)	-
Total gains (losses):			
Included in earnings	(4,308,638)(1)	65,944,924 (1)	1,957 (2)
Included in other comprehensive income	-	-	(60,806)
Balance - December 31, 2022	$ 2,706,877	$ 141,179,620	$ 1,435,519

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

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

17) Fair Value of Financial Instruments (Continued)

The Company did not have any financial assets and financial liabilities measured at fair value on a nonrecurring basis as of December 31, 2023.

The following table summarizes Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a nonrecurring basis by their classification in the consolidated balance sheet as of December 31, 2022.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a nonrecurring basis				
Impaired mortgage loans held for investment	$ 794,224	$ -	$ -	$ 794,224
Total assets accounted for at fair value on a nonrecurring basis	$ 794,224	$ -	$ -	$ 794,224

17) 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 December 31, 2023 and 2022.

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
Assets					
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
Liabilities					
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

17) 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, 2022:

	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
Assets					
Mortgage loans held for investment					
Residential	$ 90,290,776	$ -	$ -	$ 88,575,293	$ 88,575,293
Residential construction	172,139,077	-	-	172,139,077	172,139,077
Commercial	45,694,074	-	-	44,079,537	44,079,537
Mortgage loans held for investment, net	$ 308,123,927	$ -	$ -	$ 304,793,907	$ 304,793,907
Policy loans	13,095,473	-	-	13,095,473	13,095,473
Insurance assignments, net (1)	45,332,585	-	-	45,332,585	45,332,585
Restricted assets (2)	1,731,469	-	-	1,731,469	1,731,469
Cemetery perpetual care trust investments (2)	1,506,517	-	-	1,506,517	1,506,517
Mortgage servicing rights, net	3,039,765	-	-	3,927,877	3,927,877
Liabilities					
Bank and other loans payable	$ (161,712,804)	$ -	$ -	$ (161,712,804)	$ (161,712,804)
Policyholder account balances (3)	(41,146,171)	-	-	(42,181,089)	(42,181,089)
Future policy benefits - annuities (3)	(106,637,094)	-	-	(126,078,031)	(126,078,031)

(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 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 of mortgage loans 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 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 short in maturity. Accordingly, the carrying amounts reported in the accompanying consolidated balance sheet for these financial instruments approximate their fair values.

17) Fair Value of Financial Instruments (Continued)

Bank and Other Loans Payable: The carrying amounts reported in the accompanying consolidated balance sheet for the warehouse lines of credit approximate their fair values due to their relatively short-term maturities and variable interest rates. The carrying amounts reported in the accompanying consolidated balance sheet for the bank loans collateralized by real estate approximate their fair values due to the non-assumable fixed 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 more than related policy account balances. Interest credit 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.

18) Accumulated Other Comprehensive Income (loss)

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

	December 31	
	2023	2022
Unrealized gains (losses) on fixed maturity securities available for sale	$ 7,853,398	$ (39,493,861)
Amounts reclassified into net earnings	(39,074)	162,173
Net unrealized gains (losses) before taxes	7,814,324	(39,331,688)
Tax benefit (expense)	(1,640,186)	8,259,656
Net	6,174,138	(31,072,032)
Unrealized gains (losses) on restricted assets (1)	11,175	(71,035)
Tax benefit (expense)	(2,784)	17,695
Net	8,391	(53,340)
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	2,917	(20,446)
Tax benefit (expense)	(727)	5,093
Net	2,190	(15,353)
Other comprehensive income (loss) changes	$ 6,184,719	$ (31,140,725)

(1) Fixed maturity securities available for sale

18) Accumulated Other Comprehensive Income (loss) (Continued)

The following is 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
Unrealized gains (losses) on fixed maturity securities available for sale	$ (13,050,767)	$ 6,174,138	$ (6,876,629)
Unrealized gains (losses) on restricted assets (1)	(13,148)	8,391	(4,757)
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	(6,362)	2,190	(4,172)
Other comprehensive income (loss)	$ (13,070,277)	$ 6,184,719	$ (6,885,558)

(1) Fixed maturity securities available for sale

The following is the accumulated balances of other comprehensive income (loss) as of December 31, 2022:

	Beginning Balance December 31, 2021	Change for the period	Ending Balance December 31, 2022
Unrealized gains (losses) on fixed maturity securities available for sale	$ 18,021,265	$ (31,072,032)	$ (13,050,767)
Unrealized gains (losses) on restricted assets (1)	40,192	(53,340)	(13,148)
Unrealized gains (losses) on cemetery perpetual care trust investments (1)	8,991	(15,353)	(6,362)
Other comprehensive income (loss)	$ 18,070,448	$ (31,140,725)	$ (13,070,277)

(1) Fixed maturity securities available for sale

19) Derivative Instruments

The Company reports derivative instruments pursuant to the accounting policy discussed in Note 1 of the Notes to Consolidated Financial Statements.

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

		December 31, 2023			December 31, 2022		
	Balance Sheet Location	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives not designated as hedging instruments:							
Loan commitments	Other assets and Other liabilities	$ 161,832,250	$ 4,995,486	$ 3,412,224	$ 453,371,808	$ 4,089,856	$ 1,382,979
Call options	Other liabilities	-	—	-	868,600	—	29,715
Put options	Other liabilities	-	—	-	654,500	—	13,888
Total		$ 161,832,250	$ 4,995,486	$ 3,412,224	$ 454,894,908	$ 4,089,856	$ 1,426,582

The following table 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.

		Years ended December 31,	
Derivative	Classification	2023	2022
Loan commitments	Mortgage fee income	$ (1,123,615)	$ (4,308,638)
Call and put options	Gains on investments and other assets	$ 49,963	$ 202,886

20) Mortgage Servicing Rights

The Company reports MSRs pursuant to the accounting policy discussed in Note 1 of the Notes to Consolidated Financial Statements.

The following table presents the MSR activity.

	December 31, 2023	December 31, 2022
Amortized cost:		
Balance before valuation allowance at beginning of year	$ 3,039,765	$ 53,060,455
MSR additions resulting from loan sales	1,009,312	10,243,922
Amortization (1)	(587,931)	(9,078,706)
Sale of MSRs	-	(51,185,906)
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-
Balance before valuation allowance at year end	$ 3,461,146	$ 3,039,765
Valuation allowance for impairment of MSRs:		
Balance at beginning of year	$ -	$ -
Additions	-	-
Application of valuation allowance to write down MSRs with other than temporary impairment	-	-
Balance at year end	$ -	$ -
Mortgage servicing rights, net	$ 3,461,146	$ 3,039,765
Estimated fair value of MSRs at year end	$ 4,543,657	$ 3,927,877

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

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 December 31, 2023 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
2024	$ 390,131
2025	342,170
2026	306,597
2027	271,773
2028	242,596
Thereafter	1,907,879
Total	$ 3,461,146

20) Mortgage Servicing Rights (Continued)

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

	Years Ended December 31,	
	2023	2022
Contractual servicing fees	$ 1,144,540	$ 15,792,105
Late fees	97,300	398,754
Total	$ 1,241,840	$ 16,190,859

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

	December 31,	
	2023	2022
Servicing UPB	$ 414,147,436	$ 360,023,384

The following key assumptions were used in determining MSR value.

	Prepayment Speeds	Average Life(Years)	Discount Rate
December 31, 2023	9.70	7.79	11.85
December 31, 2022	8.12	8.49	11.95

On October 31, 2022, the Company sold certain of its MSRs. The MSRs related to mortgage loans previously originated by the Company in aggregate unpaid principal amount of approximately $7.02 billion. As a result of the sale, the book value of the Company's MSRs decreased $51,185,906 and generated a gain of $34,051,938 included in mortgage fee income on the consolidated statements of earnings. Substantially all the consideration was received by the Company with the remainder subject to certain holdbacks during transfer of the MSRs. The Company completed the physical transfer of files prior to its deadline. The holdbacks were received in 2023.

21) Future Policy Benefits and Unpaid Claims

The Company reports future policy benefits and unpaid claims pursuant to the accounting policy discussed in Note 1 of the Notes to Consolidated Financial Statements.

The following table provides information regarding future policy benefits and unpaid claims and the related receivable from reinsurers.

	December 31, 2023	December 31, 2022
Life	$ 756,936,902	$ 726,462,594
Annuities	106,285,010	106,637,094
Policyholder account balances	39,245,123	41,146,171
Accident and health	572,689	603,526
Other policyholder funds	4,411,108	4,279,218
Reported but unpaid claims	3,525,774	5,651,030
Incurred but not reported claims	5,062,010	4,547,670
Gross future policy benefits and unpaid claims	$ 916,038,616	$ 889,327,303
Receivable from reinsurers		
Life	10,478,863	10,600,613
Annuities	4,238,934	4,225,873
Accident and health	77,917	79,467
Reported but unpaid claims	48,345	110,985
Incurred but not reported claims	13,000	17,000
Total receivable from reinsurers	14,857,059	15,033,938
Net future policy benefits and unpaid claims	$ 901,181,557	$ 874,293,365
Net unpaid claims	$ 8,526,439	$ 10,070,715

The following table provides a roll forward of the Company's liability for reported but unpaid claims and incurred but not reported claims, net of the related receivable from reinsurers.

	Life	Annuities	Accident and Health	Total
Balance at 12/31/2021	$ 8,015,101	$ 678,378	$ 104,504	$ 8,797,983
Incurred	59,377,962(1)	13,987,576(2)	40,744(3)	73,406,282
Settled	(57,988,800)	(14,016,502)	(128,248)	(72,133,550)
Balance at 12/31/2022	9,404,263	649,452	17,000	10,070,715
Incurred	61,390,517(1)	12,669,463(2)	30,408(3)	74,090,388
Settled	(62,665,619)	(12,939,637)	(29,408)	(75,634,664)
Balance at 12/31/2023	$ 8,129,161	$ 379,278	$ 18,000	$ 8,526,439

(1) See death benefits on the consolidated statements of earnings

(2) Included in increase in future benefits on the consolidated statements of earnings

(3) Included in surrender and other policy benefits on the consolidated statements of earnings

22) Revenues from Contracts with Customers

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

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 total contract liability for future obligations is included in deferred pre-need cemetery and mortuary contract revenues on the consolidated balance sheets and, as of December 31, 2023 and 2022, the balances were $18,237,246 and $16,226,836, respectively.

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. As of December 31, 2023 and 2022, the balances were $17,424,764 and $15,289,901, respectively.

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. As of December 31, 2023 and 2022, the balances were $812,482 and $936,935, respectively. Deferred revenue for at-need specialty revenue is not placed in trust.

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. As of December 31, 2023 and 2022, the balances were nil and nil, respectively. 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. A transfer of goods and services does not fulfill an obligation and revenue remains deferred.

22) Revenues from Contracts with Customers (Continued)

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

	Contract Balances		
	Receivables (1)	Contract Asset	Contract Liability
Opening (1/1/2023)	$ 5,392,779	$ -	$ 16,226,836
Closing (12/31/2023)	6,321,573	-	18,237,246
Increase/(decrease)	928,794	-	2,010,410

	Contract Balances		
	Receivables (1)	Contract Asset	Contract Liability
Opening (1/1/2022)	$ 5,298,636	$ -	$ 14,508,022
Closing (12/31/2022)	5,392,779	-	16,226,836
Increase/(decrease)	94,143	-	1,718,814

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

22) Revenues from Contracts with Customers (Continued)

The following table disaggregates the opening and closing balances of the Company's contract balances.

	Contract Balances	
	Contract Asset	Contract Liability
Pre-need merchandise and services	$ -	$ 15,289,901
At-need specialty merchandise	-	936,935
Pre-need land sales	-	-
Opening (1/1/2023)	$ -	$ 16,226,836
Pre-need merchandise and services	$ -	$ 17,424,764
At-need specialty merchandise	-	812,482
Pre-need land sales	-	-
Closing (12/31/2023)	$ -	$ 18,237,246

	Contract Balances	
	Contract Asset	Contract Liability
Pre-need merchandise and services	$ -	$ 13,722,348
At-need specialty merchandise	-	785,674
Pre-need land sales	-	-
Opening (1/1/2022)	$ -	$ 14,508,022
Pre-need merchandise and services	$ -	$ 15,289,901
At-need specialty merchandise	-	936,935
Pre-need land sales	-	-
Closing (12/31/2022)	$ -	$ 16,226,836

22) Revenues from Contracts with Customers (Continued)

The amount of revenue recognized for 2023 and 2022 that was included in the opening contract liability balance was $4,539,540 and $4,588,290, 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.

	Years Ended December 31	
	2023	2022
Major goods/service lines		
At-need	$ 19,957,735	$ 21,283,237
Pre-need	7,907,076	5,710,618
	$ 27,864,811	$ 26,993,855
Timing of Revenue Recognition		
Goods transferred at a point in time	$ 17,560,899	$ 16,412,963
Services transferred at a point in time	10,303,912	10,580,892
	$ 27,864,811	$ 26,993,855

Significant Judgments and Estimates

The Company's cemetery and mortuary segment recognizes revenue on future performance obligations when goods are delivered and when services are performed and is not determined by the terms or payments of the contract as long as any good or service is paid in full prior to delivery. Prices are determined based on the market at the time a contract is created. Goods or services are not partially completed. There are no significant judgements, estimations, or allocation methods for when revenue should be recognized.

Practical Expedients

The Company has not elected to use any of the practical expedients under ASC 606.

Contract Costs

The Company's cemetery and mortuary segment defers certain costs associated with obtaining a contract on future obligations.

Pre-need Merchandise and Service Revenue: Pre-need merchandise and service revenues are deferred until the goods or services are delivered. Recognition can be years until the obligations are satisfied. Commissions and other costs are capitalized and deferred until the obligation is satisfied. Other costs include rent on pre-need offices and training rooms, and call center costs. Costs that are allocated based on a percentage include family service advisor compensation, bonuses, utilities, and supplies that are all used to procure a pre-need sale.

At-need Specialty Merchandise Revenue: At-need specialty merchandise is ordered from a third-party manufacturer. Generally, at-need specialty merchandise is ordered and received within 90 days of order. These orders are also short-term in nature and are deferred until the product is received from the manufacturer and the obligation is satisfied.

22) Revenues from Contracts with Customers (Continued)

Deferred Pre-need Land Revenue: Revenue is recognized on pre-need land sales when the customer has paid at least 10% toward the land price. In cases where customers pay less than 10% the revenue and associated commissions are deferred until such a time when 10% of the contract price is received.

The following table disaggregates contract costs that are included in the deferred policy and pre-need contract acquisition costs on the consolidated balances sheets.

	Years Ended December 31	
	2023	2022
Pre-need merchandise and services	$ 3,951,267	$ 3,780,173
At-need specialty merchandise	23,090	35,371
Pre-need land sales	-	-
	$ 3,974,357	$ 3,815,544

23) Leases

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period in exchange for consideration. The Company determines if a contract is a lease at the inception of the contract. At the commencement date of a lease, the Company measures the lease liability at the present value of the lease payments over the lease term, discounted using the discount rate for the lease. The Company uses the rate implicit in the lease, if available, otherwise the Company uses its incremental borrowing rate. Also, at the commencement date of a lease, the Company measures the cost of the related right-of-use asset which consists of the amount of the initial measurement of the lease liability, any lease payments made to the lessor at or before the commencement date, minus any lease incentives received and any initial direct costs incurred by the Company.

Information about the Nature of Leases and Subleases

The Company leases office space and equipment from third parties under various non-cancelable agreements. The Company has operating leases for office space for its segments in areas where it conducts business. The Company subleases some of this office space. The Company also has finance leases for certain equipment, such as copy machines and postage machines. The Company does not have any lease agreements with variable lease payments. The Company has not included any options to extend or terminate leases in the recognition of the right-of-use assets or lease liabilities because of the uncertainty that they will be exercised. No residual value guarantees have been provided to the Company. The Company does not have any restrictions or covenants imposed by leases.

Leases that have not Commenced

The Company does not have any leases that have not commenced that create significant rights or obligations for the Company.

Related Party Lease Transactions

The Company does not have any related party lease transactions that require disclosure as of December 31, 2023.

23) Leases (Continued)

Short-term Leases

The Company made an accounting policy election not to apply the recognition requirements of ASC 842 to short-term leases, which are leases that, at the commencement date, have a lease term of 12 months or less and do not include an option to purchase the underlying assets that the lessee is reasonably certain to exercise.

Significant Judgments and Assumptions

The Company does not use any significant judgments or assumptions regarding the determination of whether a contract contains a lease; the allocation of the consideration in a contract between lease and nonlease components; or the determination of the discount rates for the leases. The following table presents the Company's total lease cost recognized in earnings, amounts capitalized as right-of-use assets and cash flows from lease transactions.

	Years Ended December 31	
	2023	2022
Lease Cost		
Finance lease cost:		
Amortization of right-of-use assets (1)	$ 25,573	$ 30,163
Interest on lease liabilities (2)	1,713	2,773
Operating lease cost (3)	3,914,954	4,498,894
Short-term lease cost (3)(4)	1,874,556	1,135,003
Sublease income (3)	(323,272)	(209,455)
Total lease cost	$ 5,493,524	$ 5,457,378
Other Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 4,007,919	$ 4,250,630
Operating cash flows from finance leases	1,713	2,773
Financing cash flows from finance leases	27,868	31,685
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 160,348	$ 2,054,534
Finance leases	12,332	-
Weighted-average remaining lease term (in years)		
Finance leases	3.29	1.25
Operating leases	2.88	3.46
Weighted-average discount rate		
Finance leases	6.81%	5.78%
Operating leases	4.54%	4.50%

(1) Included in Depreciation on property and equipment on the consolidated statements of earnings

(2) Included in Interest expense on the consolidated statements of earnings

(3) Included in Rent and rent related expenses on the consolidated statements of earnings

(4) Includes leases with a term of 12 months or less

23) Leases (Continued)

The following table presents the maturity analysis of the Company's lease liabilities.

	Finance Leases	Operating Leases
Lease payments due in:		
2024	$ 7,187	$ 3,187,826
2025	3,525	2,073,045
2026	2,833	1,443,598
2027	2,833	340,112
2028	1,181	128,854
Thereafter	-	195,695
Total undiscounted lease payments	17,559	7,369,130
Less: Discount on cash flows	(2,009)	(480,588)
Present value of lease liabilities	$ 15,550	$ 6,888,542

The following table presents the Company's right-of-use assets and lease liabilities.

	Balance Sheet Location	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating Leases			
Right-of-use assets	Other assets	$ 6,374,336	$ 9,987,699
Lease liabilities	Other liabilities and accrued expenses	$ 6,888,542	$ 10,596,471
Finance Leases			
Right-of-use assets		$ 130,367	$ 228,221
Accumulated amortization		(115,565)	(200,178)
Right-of-use assets, net	Property and equipment, net	$ 14,802	$ 28,043
Lease liabilities	Bank and other loans payable	$ 15,550	$ 31,082

The Company is also a lessor and has operating lease agreements with various tenants that lease its commercial properties. See Note 2 for information about the Company's real estate held for investment.

Market for the Registrant's Common Stock, Related Stockholder Matters, and Issuer Purchases of Equity Securities

The Company's Class A common stock trades on The Nasdaq Global Select Market under the symbol "SNFCA." As of March 26, 2024, the closing stock price of the Class A common stock was $7.62 per share. As of March 26, 2024, there were 1,747 registered stockholders of record of the Company's Class A common stock and 42 registered stockholders of record of the Company's Class C common stock. Because many of the Company's shares of Class A common stock are held by brokers and other institutions on behalf of the stockholders, the Company is unable to estimate the total number of stockholders represented by these record holders.

The following were the high and low market closing stock prices for the Class A common stock by quarter as reported by NASDAQ since January 1, 2022:

	Price Range (1)	
Period (Calendar Year)	High	Low
2022		
First Quarter	$ 9.39	$ 8.13
Second Quarter	$ 9.40	$ 7.46
Third Quarter	$ 8.20	$ 5.93
Fourth Quarter	$ 7.21	$ 5.81
2023		
First Quarter	$ 7.19	$ 5.71
Second Quarter	$ 8.45	$ 6.03
Third Quarter	$ 8.83	$ 7.58
Fourth Quarter	$ 9.60	$ 6.89
2024		
First Quarter (through March 26, 2024)	$ 9.04	$ 7.62

(1) Stock prices have been adjusted retroactively for the effect of annual stock dividends.

The Class C common stock is not registered or traded on a national exchange. See Note 12 of the Notes to Consolidated Financial Statements.

The Company has never paid a cash dividend on its Class A or Class C common stock. The Company currently anticipates that all its earnings will be retained for use in the operation and expansion of its business and does not intend to pay any cash dividends on its Class A or Class C common stock in the foreseeable future. Any future determination as to cash dividends will depend upon the earnings and financial position of the Company and such other factors as the Board of Directors may deem appropriate. The Company paid a 5% stock dividend on Class A and Class C common stock each year from 1990 through 2019, a 7.5% stock dividend for the year 2020, and a 5.0% stock dividend for the years 2021 through 2023.

On December 27, 2022, 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 shares of the Company's Class A Common Stock. The agreement is subject to the daily time, price, and volume conditions of Rule 10b-18. The agreement expired December 31, 2023.

The following table shows the Company's repurchase activity of its common stock during the three-month period ended December 31, 2023 under the 10b5-1 agreement.

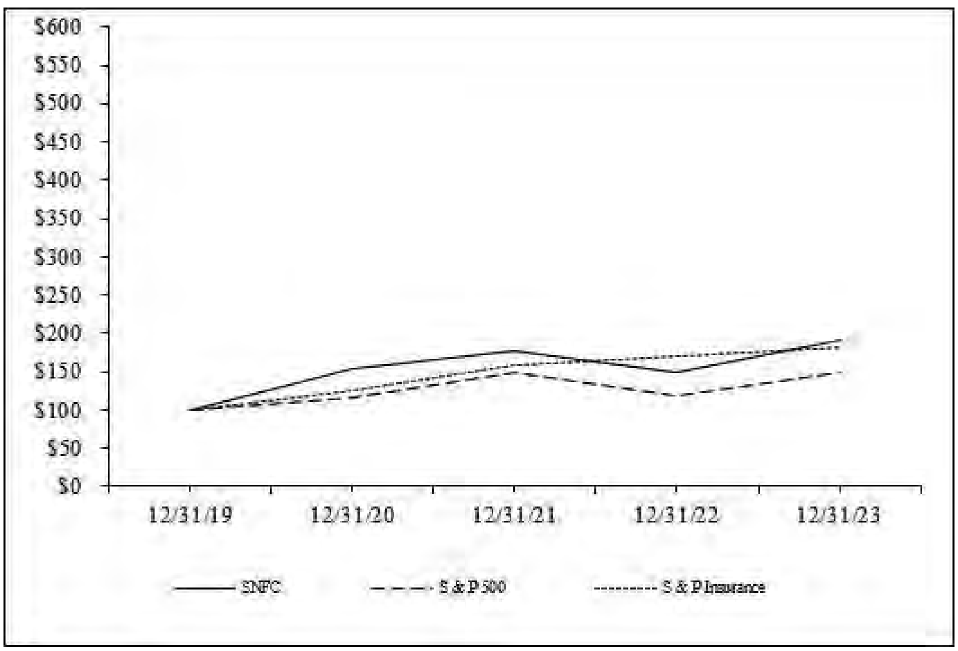
Period	(a) Total Number of Class A Shares Purchased	(b) Average Price Paid per Class A Share (1)	(c) Total Number of Class A Shares Purchased as Part of Publicly Announced Plan or Program	(d) Maximum Number of Class A Shares that May Yet Be Purchased Under the Plan or Program (2)
10/1/2023-10/31/2023	-	$ -	-	318,043
11/1/2023-11/30/2023	-	$ -	-	318,043
12/1/2023-12/31/2023	-	$ -	-	318,043
Total	-	$ -	-	318,043

Market for the Registrant's Common Stock, Related Stockholder Matters, and Issuer Purchases of Equity Securities

(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.

The graph below compares the cumulative total stockholder return of the Company's Class A common stock with the cumulative total return on the Standard & Poor's 500 Stock Index and the Standard & Poor's Insurance Index for the period from December 31, 2019 through December 31, 2023. The graph assumes that the value of the investment in the Company's Class A common stock and in each of the indexes was $100 as of December 31, 2019 and that all dividends were reinvested.

The comparisons in the graph below are based on historical data and are not intended to forecast the possible future performance of the Company's Class A common stock.



	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
SNFC	100	153	177	148	191
S & P 500	100	116	148	119	148
S & P Insurance	100	126	158	171	183

The stock performance graph set forth above is required by the Securities and Exchange Commission and shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Form 10-K into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed soliciting material or filed under such acts.

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Family of Companies

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